SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS OF THE DADA GROUP AS AT DECEMBER 31, 2006

(Prepared in according with IAS/IFRS)

Registered Offices: Viale Giovane Italia, 17 - Florence
Share capital Euro 2,736,503.43 full paid-in
Florence Company Registry Office no. F1017-68727-REA 467460
Fiscal code/Vat no. 04628270482

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CORPORATE BOARDS

The corporate boards were appointed by the Shareholders' Meeting on April 21, 2006 for the three-year period 2006-2008.

BOARD OF DIRECTORS

Paolo Barberis	Chairman 1
Angelo Falchetti	Managing Director
Salvatore Amato	Director [2,3,4]
Marco Argenti	Director
Lorenzo Lepri Pollitzer	Director
Raffaello Napoleone	Director [2,3]
Barbara Poggiali	Director [4]
Roberto Ravagnani	Director
Alberto Ronzoni	Director
Riccardo Stilli	Director
Giorgio Valerio	Director
Pietro Varvello	Director
Danilo Vivarelli	Director [2,3,4]

1 - Chairman with powers to sign, exercisable in the event of the absence or impediment of the other delegated bodies, currently not utilised.
2 - Independent director in accordance with the self-governance code for Listed Companies.
3 - Member of the Internal Control Committee
4 - Member of the Remuneration Committee.

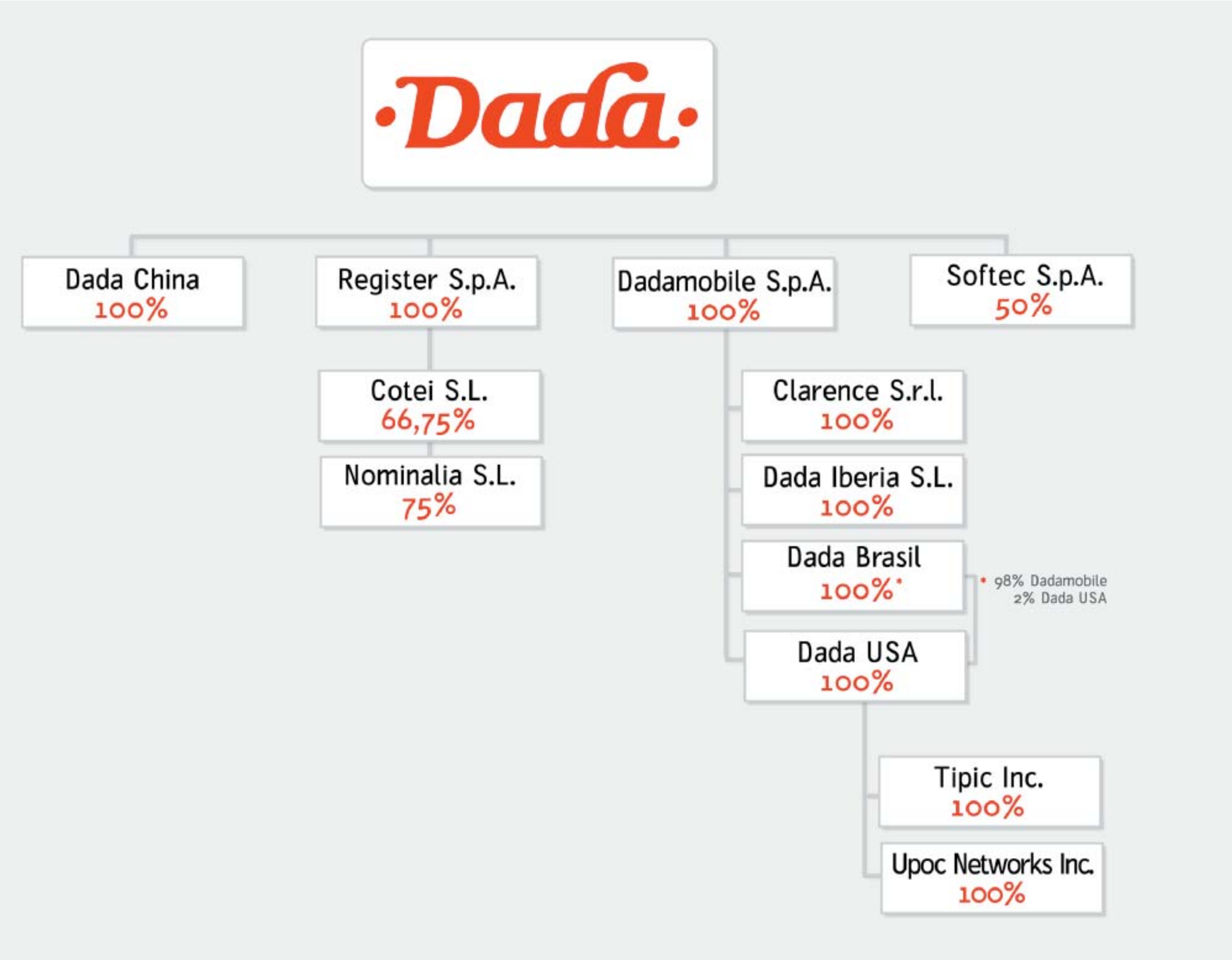
BOARD OF STATUTORY AUDITORS

Pier Angelo Dei	Chairman Board of Statutory Auditors
Piero Alonzo	Statutory Auditor
Massimo Cremona	Statutory Auditor
Claudio Pastori	Alternate Auditor
Francesca Pirrelli	Alternate Auditor

INDEPENDENT AUDIT FIRM

Reconta Ernst & Young S.p.A.

STRUCTURE OF THE DADA GROUP



RESULTS OF THE DADA GROUP IN ACCORDANCE WITH IAS/IFRS ACCOUNTING STANDARDS

Consolidated Results (12 months) *

(millions of Euro)	31/12/2006	31/12/2005
Revenues	111,4	69,9
Ebitda	15,7	12,7
Amortisation & depreciation	-4,0	-3,3
Ebit	10,8	8,0
Group net profit	12,5	7,2

Balance Sheet as at December 31, 2006 *

(millions of Euro)	31/12/2006	31/12/2005
Net working capital	7,0	0,7
Net Capital employed	42,8	18,1
Shareholders' Equity	54,3	40,2
Short-term net financial position	11,8	23,0
Total net financial position	11,5	22,1
Number of employees	373	251

* In relation to the method for the calculation of the alternative performance indicators, reference should be made to page 17

RESULTS OF DADA S.P.A. IN ACCORDANCE WITH IAS/IFRS ACCOUNTING STANDARDS

Results of Dada S.p.A. (12 months) *

(millions of Euro)	31/12/2006	31/12/2005
Revenues	68.5	45.3
Ebitda	7.6	8.5
Amortisation & depreciation	-2.8	-2.2
Ebit	4.3	4.2
Net profit for the year	7.3	4.6

Balance Sheet of Dada S.p.A. as at December 31, 2006 *

(millions of Euro)	31/12/2006	31/12/2005
Net working capital	3.5	-2.0
Net Capital employed	50.0	32.7
Shareholders' Equity	53.5	43.7
Short-term net financial position	3.5	11.3
Number of employees	177	96

* In relation to the method for the calculation of the alternative performance indicators, reference should be made to page 17

DIRECTORS' REPORT

INTRODUCTION

The present consolidated financial statements at December 31, 2006 were prepared in accordance with IAS/IFRS issued by the IASB and standardised by the European Union as per article 81 of the Issuers' Regulations No. 11971, issued by Consob on May 14, 1999, and subsequent amendments.

The present report was prepared taking into consideration the current accounting standards at the date of their preparation. It is possible that new versions or interpretations of the IFRS will be issued before the publication of the financial statements for 2006. If this occurs, therefore, it is possible that there will be an effect on the data presented in the IFRS first half-year report.

DADA GROUP PROFILE

Dada S.p.A. is the leader in Italy in the community and entertainment sector via web and mobile and is the parent company of a Group, fully dedicated to the development of Net activities and services.

Dada is listed on the Milan Stock Exchange in the STAR segment (DA.MI) and includes the RCS group (which holds approximately 44.2%) among its shareholders, in addition to the management and founding shareholders with approximately 14.6% of the share capital.

Dada's services are provided through the community Dada.net (www.dada.net) and the brands **life.Dada.net, mobi.Dada.net and love.Dada.net –** and offers its customers a rich range of fee-based community and entertainment products and services to communicate, entertain and educate, and are accessible both via PC and mobile phone (through the SMS/MMS channel and the micro-portals of the main mobile phone operators). With its consumer offer DADA operates, in addition to Italy, in the United States - through the subsidiary Dada USA – and in the UK, German, French, Spanish, Belgium, Austrian, Portuguese, Dutch, Hungarian, Canadian, Chinese, Brazilian and Australian markets.

The Dada Group includes **Register.it S.p.A.** (www.register.it), established leader in the registration of Internet domains, which has recently acquired Nominalia, leader in Spain in the same sector, Upoc Networks, a well established provider of web and mobile value added services in the US and Tipic, an international leader in the blog and social networking sector with the Splinder and Motime brands.

INFORMATION ON OPERATIONS

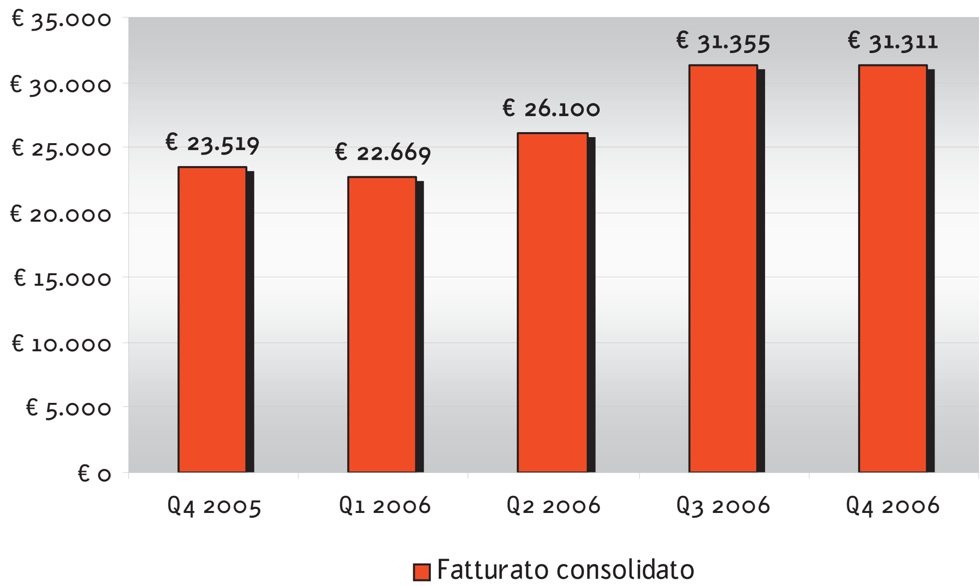
Dear Shareholders,

In 2006, the DADA Group recorded **consolidated revenues of Euro 111.4 million,** compared to Euro 69.9 million in 2005, **an increase of 59%.** In the fourth quarter alone, the Group consolidated revenues amounted to Euro 31.3 million, compared to Euro 23.5 million in the same period of 2005, growth of 33%.

The Parent Company DADA S.p.A. recorded revenues of Euro 68 million in the year, an increase of 51% compared to Euro 45 million in the previous year. In the fourth quarter the sales of the Parent Company amounted to Euro 21.4 million, compared to Euro 16.1 million in the fourth quarter of 2006 and Euro 19 million in the third quarter of 2006 .

The trend of the consolidated revenues in the last 5 quarters is shown in the table below:

Consolidated quarterly sales



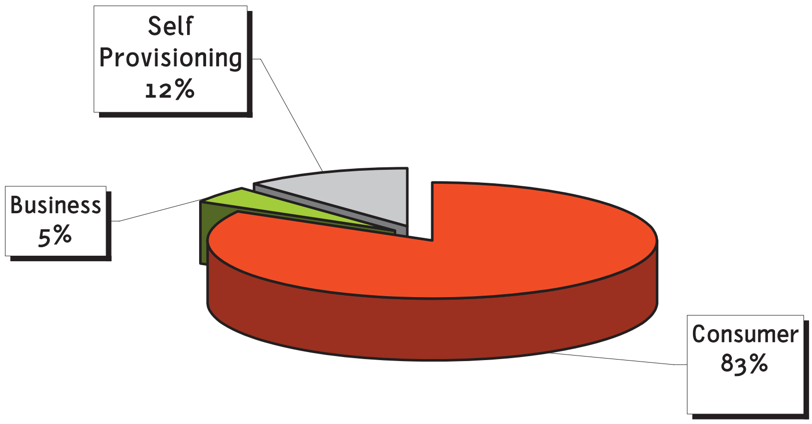
Contributing to the growth in DADA Group turnover in 2006 was the increasing importance of the Consumer Division, which accounted for 80% of consolidated revenues in the year. In the previous year, this business unit accounted for 67% of consolidated turnover.

The Business Division accounted for 10% of consolidated revenues compared to 23% in 2005. The Self Provisioning Division accounted for 10% of consolidated revenues, in line with the previous year. The contribution of the divisions was impacted by the change in the consolidation scope, whose effects are described below.

For further information on the performance of the divisions, reference should be made to the paragraph on segment information as per IAS 14.

The Graph below shows the breakdown of turnover by business unit in the fourth quarter of 2006:

Sales by division



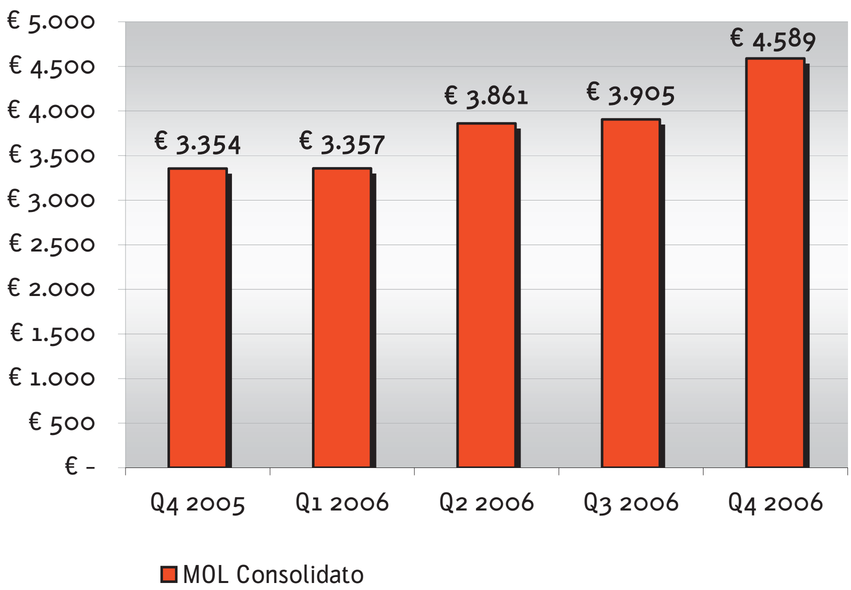
The international expansion, which commenced in the second half of 2005, experienced significant growth during the year, through expanding in countries in which the group already operated in 2005 and through the opening of the Consumer business in new countries. The International contribution to consolidated revenues was 46%, compared to 12% in the previous year, growth of 266%. The operations in the United States contributed significantly to this growth (a market in which the Group operates through its subsidiary Dada Usa Inc).

The **Ebitda in the year** (before write-downs and other extraordinary items) **was Euro 15.7 million**, compared to Euro 12.7 million in the previous year, growth of 24%. In the fourth quarter of 2006 alone the Ebitda was Euro 4.6 million compared to Euro 3.4 million in the fourth quarter of 2005, growth of 37%.

The Ebitda of the **Parent Company DADA S.p.A.** in the year was Euro 7.6 million compared to Euro 8.5 million in 2005.

The trend of the consolidated Ebitda in the last 5 quarters is shown in the graph below:

Consolidated ebitda trend



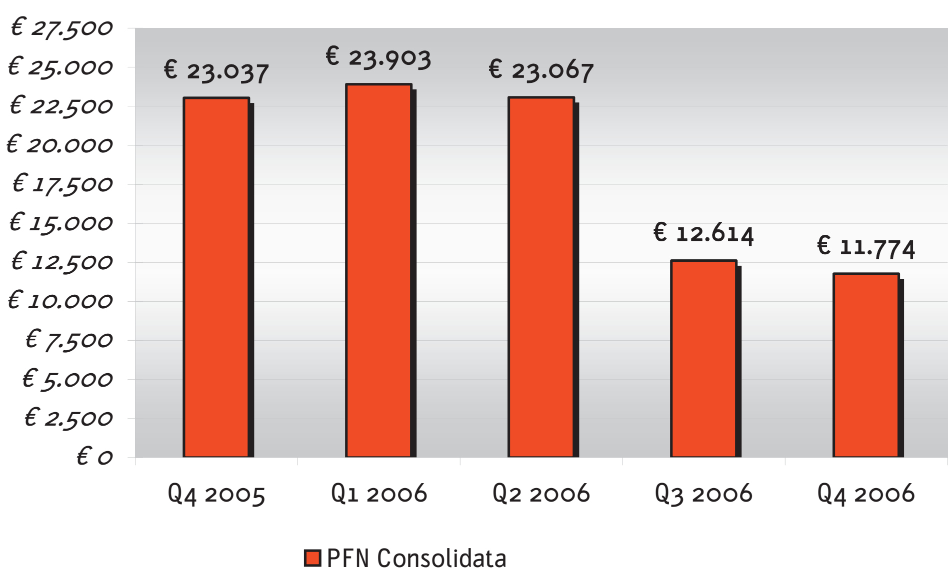
The short-term Consolidated Net Financial Position at December 31, 2006 was a cash balance of Euro 11.8 million, compared to Euro 23 million at December 31, 2005. The cash position was impacted by the Group investment activities as described further in the present report.

The period experienced an important sales drive in relation to the internationalisation process as previously described. This investment activity was particularly significant in the third quarter of the year when there was a reduction in the short-term financial position of Euro 0.8 million.

Funds were also utilised in the year amounting to Euro 7.2 million for the purposes of technological investments and development activities.

The graph below shows the changes in the net financial position:

Consolidated short-term NFP trend



The total net financial position (also including medium/long term sources and uses) amounted to Euro 11.5 million, net of payables to banks and other lenders repayable beyond one year of Euro 0.3 million, compared to Euro 22 million at December 31, 2005.

The **Parent Company DADA S.p.A.** ended the year with a short-term net financial position of Euro 3.5 million compared to Euro 11.3 million at December 31, 2005. The reduction is due to the financing provided to Group companies for the investments previously described.

Results

An analysis of the principal economic results of the **Dada Group** in 2006 is provided below, together with a comparison with the previous year:

Amounts in Euro/thousand	Dec 31, 06 12 months		Dec 31, 05 12 months		CHANGE	
	Amount	% of total	Amount	% of total	Absolute	Percentage
Net Revenues	111,435	100%	69,898	100%	41,537	59%
Changes in inventory & internal work cap.	3,547	3%	1,829	3%	1,718	94%
Service costs and other operating costs	-84,080	-75%	-48,139	-69%	-35,941	75%
Personnel costs	-15,190	-14%	-10,866	-16%	-4,324	40%
Ebitda*	15,712	14%	12,722	18%	2,990	24%
Amortisation & depreciation	-3,982	-4%	-3,280	-5%	-702	21%
Non-recurring income (charges)	-272	0%	-149	0%	-123	83%
Revaluations/(Write-downs)	-673	-1%	-1318	-2%	645	-49%
Ebit	10,785	10%	7,975	11%	2,810	35%

* after write-downs and extraordinary items of Euro 0.9 million

The reclassified results of the **Parent Company Dada S.p.A.** for 2006 and 2005 are reported below:

Amounts in Euro/thousand	Dec 31, 06 12 months		Dec 31, 05 12 months		CHANGE	
	Amount	% of total	Amount	% of total	Absolute	Percentage
Net Revenues	**68,472**	**100%**	**45,322**	**100%**	**23,150**	**51%**
Changes in inventory & internal work	2,869	4%	1,458	3%	1,411	97%
Service costs and other operating costs	-55,177	-81%	-32,830	-72%	-22,347	68%
Personnel costs	-8,544	-12%	-5,458	-12%	-3,086	57%
Ebitda*	**7,620**	**11%**	**8,492**	**19%**	**-872**	**-10%**
Amortisation and depreciation	-2,832	-4%	-2,239	-5%	-593	26%
Non-recurring income (charges)	-150	0%	-256	-1%	106	-41%
Revaluations/(Write-downs)	-369	-1%	-1774	-4%	1,405	-79%
Ebit	**4,269**	**6%**	**4,223**	**9%**	**46**	**1%**

* after write-downs and extraordinary items of Euro 0.5 million

For further information on the results, reference should be made to attachments 2) and 3) on pages 45 and 46.

The consolidated sales of the DADA Group for the year 2006 amounted to Euro 111.4 million (of which Euro 68.5 million related to the Parent Company DADA S.p.A.) compared to Euro 69.9 million in the previous year (Euro 45.3 million from DADA S.p.A), an increase of 59%.

The sales trend by quarter shows a similar trend, with sales in the fourth quarter of Euro 31.3 million (of which Euro 20 million from the Parent Company DADA S.p.A.), while sales in the fourth quarter of 2005 amounted to Euro 23.5 million.

It is recalled that the consolidation scope in the period changed as follows:

- In 2005, the companies Ad Maiora S.p.A. and Planet Com S.p.A. were included for the full twelve months, while in 2006 only Planet Com was included for the first six months. These companies were sold in December 2005 and July 2006 respectively. The total effect at pro-forma level of this change was higher sales in 2005 compared to 2006 of Euro 4.3 million for the full year and Euro 1.6 million for the fourth quarter;

- In addition, in 2006 the company Nominalia SL (acquired at the end of July) was consolidated for five months, the company UPOC Inc. (acquired at the end of August) was consolidated for four months, the company Tipic Inc. (acquired in October) was consolidated for three months and the company DADA Brasil (Incorporated in July but operative in December) was consolidated for one month. The total sales contribution was Euro 2.8 million in 2006, while in the fourth quarter, the sales contribution was Euro 1.9 million.

DADA Group full year consolidated revenues amounted to Euro 111.4 million compared to Euro 69.9 million in 2005. The breakdown by sector was as follows: Consumer Division 80% (67% in 2005), Business Services 10% (23% in 2005) and Self Provisioning Services 10% (10% in 2005).

The geographic breakdown of sales shows a significant increase in international operations, accounting for 40% of the DADA Group consolidated revenues in the fourth quarter, compared to 15% in the fourth quarter of 2005.

For the full year, international sales accounted for 37% of consolidated turnover.

The operations in the United States contributed significantly to this growth, a market in which the DADA Group operates through its subsidiary Dada Usa Inc. In the same period in the previous year, this international expansion was in the start-up phase and therefore the contribution to sales was marginal.

For further information on the performance of the divisions, reference should be made to the paragraph on segment information of the Group.

The consolidated Ebitda in the year (before write-downs and other extraordinary items) was **Euro 15.7 million** (a margin of 14% on consolidated sales), compared to Euro 12.7 million in the previous year (margin of 18%).

In the fourth quarter alone, the Ebitda was Euro 4.6 million (margin of 15% on consolidated sales), compared to Euro 3.4 million in the same period of the previous year (margin of 14%).

In fact, a significant proportion of the service and other operating costs consisted of expenses incurred in the creation and strengthening of the Consumer Division's subscription user base at both international and national level.

The costs incurred in the quarter for the acquisition of the user base was Euro 14.3 million, while in the fourth quarter of 2005 these costs amounted to Euro 5.9 million. In the third quarter of 2006, these expenses amounted to Euro 14.8 million and in the full year of 2006 amounted to Euro 50 million.

It is recalled that the business model of these services is characterised by the time deferral between the initial cost necessary for the creation of the customer base and the related economic returns. This expansion policy continued after the end of the period (in particular the international expansion).

Relating to the other expense items, personnel costs increased from Euro 10.9 million in 2005 to Euro 15.2 million in 2006, an increase of 40%. However, these costs decreased in percentage terms on consolidated sales from 16% to 14%. The increase in absolute terms is entirely related to the expansion in the activities of the company and in particular to the growth in the Consumer Division. The number of employees increased from 251 at December 31, 2005 to 373 at December 31, 2006.

Also, the change in the consolidation scope had an impact on this figure. The new acquisitions contributed an increase of Euro 1.2 million (Euro 0.8 million in the fourth quarter), while the sales of Ad Malora and Planet.Com resulted in lower costs of Euro 0.7 million (Euro 0.2 million in the fourth quarter).

There was a similar trend in relation to general costs and lease and rental costs which amounted to Euro 7.8 million in 2006 (8% on sales) compared to Euro 6.4 million in 2005 (12% on sales). The effects of the change in the consolidation scope on this cost account were not significant.

The account "inventory changes and increases of internal work capitalised" relate to the expenses incurred for the development of the proprietary platform necessary for the launch and management of the services provided via web and mobile by the DADA Group. In relation to this, expenses were incurred for Dada.net in the Consumer Division, projects for the launch of the .eu domain and the new shared hosting in the Self Provisioning Division.

The change in the consolidation scope previously described did not have a significant impact on the Ebitda in the period.

The consolidated Ebit in 2006 was **a profit of Euro 10.8 million** (10% of consolidated revenues), a significant increase compared to Euro 8 million in the previous year (+35%).

The Ebit for the quarter includes amortisation and depreciation on tangible and intangible fixed assets totalling Euro 4.0 million (Euro 3.3 million in 2005), while write-downs and non-recurring charges amounted to Euro 0.9 million (Euro 1.5 million in 2005).

Depreciation/amortisation increased compared to the previous year (Euro 0.7 million) and over the quarters due to the investments made in the development of products and capital expenditures.

In the fourth quarter of 2006, the Ebit was Euro 3.2 million (10% of consolidated turnover), significant growth compared to the third quarter of 2006 (Euro 2.6 million), and compared to the fourth quarter of 2005 (Euro 1 million).

The Ebit for the quarter includes amortisation and depreciation on tangible and intangible fixed assets totalling Euro 1.3 million, while write-downs and non-recurring charges were insignificant.

The change in the consolidation scope, as previously described, resulted in lower amortisation/depreciation at pro-forma level of Euro 0.4 million in 2005.

The Parent Company DADA S.p.A. ended the year with an Ebit of Euro 4.3 million compared to Euro 4.2 million in 2005.

The consolidated pre-tax profit for the year was **Euro 11.9 million**, equal to 11% of consolidated revenues, and an increase compared to the previous year, which amounted to Euro 8 million (11% of sales).

The investment income deriving from the interest matured on securities and the liquidity of the Group contributed to the account, and in particular a gain of approximately Euro 2.2 million on the sale of Planet Com. The financial result was negative principally as a consequence of exchange losses arising from the consolidation of foreign subsidiaries.

The Group net profit in 2006 was **Euro 12.5 million**, equal to 11% of consolidated revenues, compared to Euro 7.2 million in the previous year (10% of consolidated sales).

In the fourth quarter of 2006 alone, the net profit was Euro 3.3 million, equal to 10.4% of consolidated revenues, compared to Euro 1.8 million in the same period of the previous year (8% of consolidated revenues).

Current income taxes for the year amounted to Euro 1.1 million, principally relating to Irap taxes. Deferred tax income was also recorded amounting to Euro 1.8 million - calculated on the temporary timing differences of provisions and write-downs made in previous years, and on the expected recovery of fiscal losses carried forward as resulting from the business plans.

Therefore, the total fiscal effect for the year was positive for Euro 0.7 million.

The minority interest share has reduced following the acquisition of a further stake of 3% in Register.it S.p.A. Following this acquisition, the holding of the Group is now 100%.

The Group has matured fiscal losses carried forward of Euro 68 million, of which Euro 46 million for an unlimited period.

The Parent Company DADA S.p.A. ended the year with a net profit of Euro 7.3 million, an increase compared to Euro 4.6 million in 2005.

Financial position and balance sheet

The composition of the short-term net financial position at December 31, 2006 is shown below:

	FINANCIAL POSITION	Dec 31, 06	Dec 31, 05	CHANGE Absolute	Percent.
A	Cash	49	8	41	513%
B	Bank and postal deposits	10,482	11,869	- 1,387	-12%
C	Securities held for trading	2,456	11,894	- 9,438	-79%
D	**Liquidity (A+B+C)**	**12,987**	**23,771**	**- 10,784**	**-45%**
E	**Current financial receivables**			**-**	
F	Bank payables – current portion	- 958	- 491	- 467	95%
G	Current portion of non-current debt	- 255	- 243	- 12	5%
H	**Current debt (F+G+H)**	**- 1,213**	**- 734**	**- 479**	**65%**
I	**Current net financial position (I-E-D)**	**11,774**	**23,037**	**- 11,263**	**-49%**
J	Bank payables – non-current portion	- 244	- 964	720	-75%
K	Other non-current payables			-	
L	**Non-current debt (K+L)**	**- 244**	**- 964**	**- 1,208**	**125%**
M	**Total net financial position (J+M)**	**11,530**	**22,073**	**- 10,543**	**-48%**

The short-term Consolidated Net Financial Position at December 31, 2006 was a cash balance of **Euro 11.8 million**, compared to Euro 23 million at December 31, 2005 and Euro 12.6 million at September 30, 2006.

In 2006, there was therefore a decrease in the cash position of Euro 11.3 million. This absorption of the net financial position compared to the previous year is primarily due to the acquisition of the companies Cotei/Nominalia SL, UPOC Networks Inc, and Tipic Inc., and the completion of the acquisition of the investment in register.it S.p.A comprising the acquisition of a further 3% and the quota of the acquisition from the previous year (concluded in December).

The total payments made for this operation was Euro 12.3 million. For further information, reference should be made to the section "significant events in 2006" at page 30.

Further investments, as previously reported, were made for the creation and growth of the user base for services in the Consumer sector, and technological investments and expenses for the development of products and processes.

The securities are characterised by short-term low risk investments on demand. These securities are measured at market value (fair value), represented by the average quotations obtained from the issuers.

The total net financial position (which also includes medium/long term sources and uses) amounted to Euro 11.5 million, net of payables to banks and other lenders repayable beyond one year of Euro 0.2 million. This position was Euro 22.1 million at December 31, 2005.

The composition of the net working capital and the net capital employed at December 31, 2006 is shown below:

Amounts in Euro/thousand	Dec 31, 06	Dec 31, 05	CHANGE	
			Absolute	Percent.
Fixed assets (A) (*)	**38,552**	**19,704**	**18,848**	**96%**
Current assets (B)	63,475	34,999	28,476	81%
Current liabilities (C)	-56,518	-34,276	-22,242	65%
Net working capital (D) = (B)-(C)	**6,957**	**723**	**6,234**	**862%**
Employee leaving indemnity provision (E)	-1,790	-1,455	-335	23%
Provision for risks and charges (F)	-911	-836	-75	9%
Net capital employed (A+D+E+F)	**42,808**	**18,136**	**24,672**	**136%**

(*) Euro 5.0 million of deferred tax assets were reclassified under current assets as they are expected to be utilised in the short-term period.

The composition of the net working capital and the net capital employed of the Parent Company Dada S.p.A. at December 31, 2006 is shown below:

Amounts in Euro/thousand	Dec 31, 06	Dec 31, 05	CHANGE	
			Absolute	Percent.
Fixed assets (A) (*)	**48,259**	**36,199**	**12,060**	**33%**
Current assets (B)	52,754	25,350	27,404	108%
Current liabilities (C)	-49,259	-27,326	-21,933	80%
Net working capital (D) = (B)-(C)	**3,495**	**-1,976**	**5,471**	**-277%**
Employee leaving indemnity provision (E)	-1,089	-837	-252	30%
Provision for risks and charges (F)	-659	-688	29	-4%
Net capital employed (A+D+E+F)	**50,006**	**32,698**	**17,308**	**53%**

The **net working capital** at December 31, 2006 amounts to Euro 7 million, an increase compared to December 31, 2005. This increase is principally due to the investments made for the launch of products in the Consumer Division in overseas countries.

As previously described, this type of activity results in a financial management which is characterised by temporary differences between the creation/strengthening of the user base and the benefit in monetary terms. In addition, this business is also characterised by important temporary differences between the average period of payments and receipts.

Trade receivables at December 31, 2006 amounted to Euro 63.5 million on consolidated sales for the period of Euro 111.4 million, while at December 31, 2005, trade receivables amounted to Euro 35 million on consolidated sales for the period of Euro 70 million.

In relation to trade receivables, it is recalled that over 80% of the total value is due from telephone carriers, directly or through affiliates, and from which a large part of the sales are generated for fee-based services of the Consumer Division.

The changes in the principal balance sheet accounts are due to the normal increases related to the increased business activity of the DADA Group, both in terms of sales and current spending.

For further information on the balance sheet, reference should be made to the attachment 1) at page 44.

Investments

A summary of the tangible and intangible fixed asset investments of the DADA Group is reported below:

Description	Increase 31/12/06	Increase 31/12/05	Change	Change %
Technological investments	2,254	1,827	427	23%
Purchase of furniture and fittings	107	107	0	0%
Development new products and processes	3,547	1,842	1,705	93%
Licences and trademarks	565	318	247	78%
Software	624	218	406	186%
Other	107	73	34	47%
TOTAL	7,204	4,385	2,819	64%

The investment activities have principally related to the purchase of tangible fixed assets for the renewal of the technological platforms of approximately Euro 2.3 million, and the expenses for the development of new products and services of Euro 3.5 million.

This activity related in particular to the investments of the Consumer Division, the Dada Net and Self Provisioning products.

There was a cash inflow from the exercise of the first stock option plan. On February 6, 2006, the period closed for the subscription to the share capital increase deliberated by the Board of Directors on June 20, 2005 for the stock option plan for employees of Dada S.p.A. and its subsidiaries. The number of options exercised was 132,217 and the financial contribution was Euro 1.4 million.

The same considerations apply to the cash flow movements as to those previously made in relation to the composition of the net financial position and the increase in net working capital.

The investment activity relates to tangible fixed assets of Euro 1.3 million and intangible fixed assets (mainly consisting of development activity) of Euro 1.7 million.

The cash flow from financing activities increased following the share capital increase in February related to the stock option plan for Euro 1.4 million and decreased due to the repayments of medium/long-term payables. In the previous year, this was positive as a consequence of the sale in April 2005 of treasury shares which the company held in portfolio.

Financial risks

Reference should be made to note 5.8 of the consolidated financial statements.

Alternative performance indicators:

In the present report, the following additional economic and financial performance indicators are provided in respect of those contained in IAS 1:

Ebitda: defined as the operating result before amortisation/depreciation, write-downs and non-recurring charges;

Net working capital: defined as the difference between current assets and liabilities, identifying current as within the year after the end of the balance sheet date. In this account, the deferred tax assets are divided between current and non-current, based on the portion which is considered recoverable from the result of the following year;

Net capital employed: fixed assets plants plus net working capital and less non financial consolidated liabilities (employee leaving indemnity and provision for risks and charges);

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

Total net financial position: includes the short-term net financial position and all financial receivables and payables due beyond one year.

THE ORGANISATIONAL STRUCTURE OF THE DADA GROUP

The DADA Group's primary disclosure of information is by Business Units.

The Business Units of the DADA Group are comprised of the Consumer Division, the Business Division and the Self-Provisioning Division.

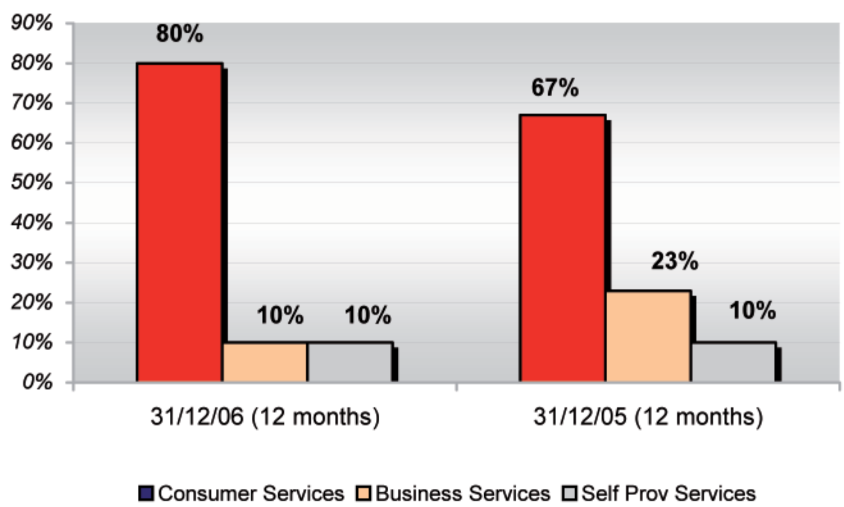
The secondary level is identified as the geographic areas.

Segment results are shown gross of intra-divisional transactions. Furthermore, compared to the Group's consolidated operating result, common costs have not been included.

The following tables report the segment consolidated revenues by business activity and by geographic area.

Breakdown of Consolidated Revenues in the three divisions (12 months)

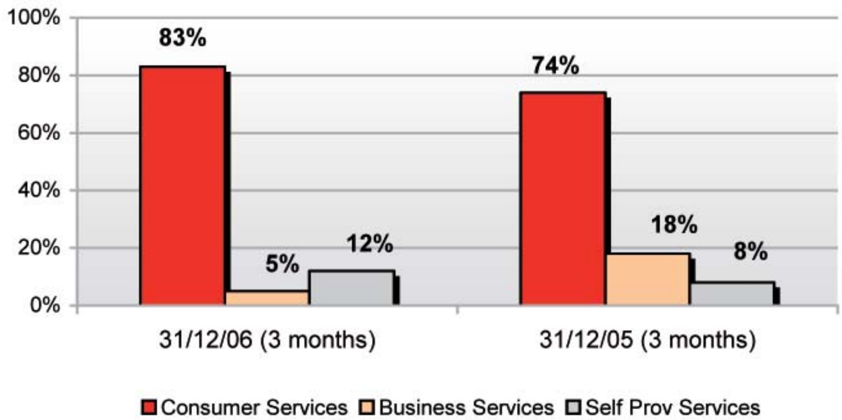
Description	31/12/2006		31/12/2005	
	Amount	% of total	Amount	% of total
Consumer Services	90,106	80%	48,310	67%
Business Services	11,278	10%	16,277	23%
Self-Prov. Services	11,152	10%	7,202	10%
Inter-divisional revenues	-1,101		-1,896	
Consol. Revenues	**111,435**	**100%**	**69,898**	**100%**



Breakdown of Consolidated Revenues in the three divisions (3 months)

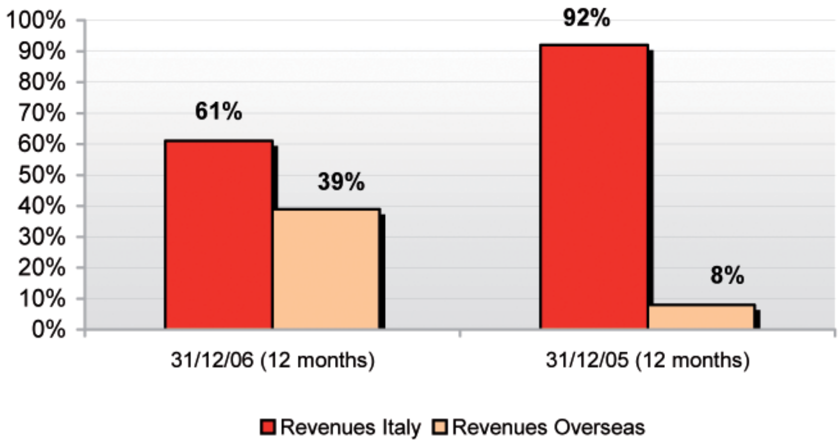
Description	31/12/2006 (3 Months)		(3 Months)	
	Amount	Amount	Amount	% of total
Consumer Services	26,389	83%	17,681	64%
Business Services	1,526	5%	4,209	25%
Self-Prov. Services	3,774	12%	1,997	11%
Inter-divisional revenues	-378		-366	-
Consolidated Revenues	**31,311**	**100%**	**23,521**	**100%**

The percentages are calculated based on the sales figures of the three divisions, gross of intra-divisional revenues



Geographical breakdown of Consolidated Revenues

Description	31/12/2006 (12 Months)		(12 Months)	
	Amount	% of total	Amount	% of total
Revenues Italy	67,887	61%	64,087	92%
Revenues Overseas	43,548	39%	5,811	8%
Consol. Revenues	**111,435**	**100%**	**69,898**	**100%**



CONSUMER SERVICES

The revenue sources of the Consumer Division are shown below:

- Revenues from VAS (Value Added Services): this relates to fee-based services to the final user through consumption or subscription;
- On-line advertising revenues on its portals, interactive marketing and connectivity.

Operational Performance

In 2006, the Dada Group confirmed its focus on Consumer services through continuing and implementing important new Web and Mobile projects on the domestic and international markets.

Internationalisation

The internationalisation expansion of the Consumer Division began in 2005 and saw strong growth in the current year. The turnover from international operations amounted to 46% of revenues in the Consumer Division, compared to 12% in 2005, an increase of 266%.

The United States, where the Company operates through its subsidiary Dada USA Inc., continues to be the most important market for the Dada Group at international level, accounting for 28.2% of Group consolidated turnover in the year and 33.7% of total sales of the Division.
The growth of the US business reached a milestone for Dada in 2006 with the expansion of its Services to the leading US telephone carriers' customers – thus allowing Dada to reach a catchment area of approximately 150 million US mobile phone users for distribution of its services.

The international growth was sustained by significant financial investments in order to expand and strengthen its user base, with the relative expenses doubling in the final quarter compared to the same period in 2005.

At the end of the fourth quarter of 2006, DADA was connected with 48 mobile carriers worldwide – permitting the group to offer its services to a significant user base.

Two important acquisitions also took place in the year, both through DADA USA Inc., with the objective of further strengthening the presence on this market.
Upoc operates in the provision of consumer entertainment and community services, accessible via SMS, WAP, voice, MMS, BREW and Java. The company distributes both through its own brand upoc.com and through some of the principal WAP portals of American carriers. Upoc also offers online marketing solutions for leading American media groups.
Tipic, headquartered in New York City, is a leading international player in the Blog Community segment through its brand Splinder (www.splinder.com), undisputed blog leader in Italy and one of the richest resources for user generated content in the Italian market, and Motime (www.motime.com), the leading service in the same sector in the American market.

2006 saw Dada as the main player in important international events such as the annual "CTIA Wireless 2006" trade fair, held in Las Vegas and organised by the International Cellular Telecommunications Industry Association.
DADA's participation in the event, which is the main international meeting point for sector operators, is linked to its recent entrance into the Mobile Entertainment Forum, the association which groups together mobile entertainment's largest international players.

The fourth quarter, as per plan, saw the start-up of the DADA.net business in Brazil.

Dada therefore currently offers its value added Services/Products in Italy, the USA, Germany, the UK, France, China, Portugal, Australia, Spain, Belgium, Austria, Brazil, Holland and Hungary.

Italy

In the second half of 2006, Dada confirmed its leadership in the Web and Mobile Community & Entertainment services in the domestic market.

Its presence on the 'decks' of the principal mobile phone operators such as Vodafone Live!, Tim, Pianeta Tre and Imode is an important source of revenues, especially for subscription to the DADA.net service.

Dada believes in the potential of this channel, as it forms a part of the mobile internet services now available, and will have an ever-increasing influence on the success of the services offered by Dada, resulting in an increased customer base and in opportunities for use at any time of day.

Dada.net and Rebranding

The second half of 2006 saw the definitive launch of the single Dada.net (http://www.dada.net/) product, which through its Mobile Dada, Love Dada and Life Dada sections, offers its subscribers an integrated Mobile Entertainment, Dating, Blog and Community environment based on AJAX technology and which, thanks to the complete and transparent integration of the mobile and internet platforms, increases its value and simplifies and maximises its chance of success.

Through Dada.net for instance, you can create a Blog mobile (Mobcast) by simply sending a photo via MMS: this blog is immediately accessible through Web and Mobile and can be sent to your "Social Network" members via an SMS link. It can also be indexed and searched through Tags and votes can be made via web or mobile.

Making new friends, exchanging messages and chatting via Web, SMS and WAP are fully integrated. Finally, you can listen to previews and download thousands of ringtones, realtones and full songs as well as images, backgrounds, Java games and subscribe to information services via SMS and MMS.

Dada.net is based on platforms wholly designed by Dada, through its 10-year experience of the infrastructure and internet and IP-base applications field - one of the Company's principal strengths.

Simultaneous to the launch of the single product, important resources were used by the company: the new Branding strategy.

The branding strategy of Dada was completely reviewed with emphasis on simplicity, convergence and internationalisation.

"Dada.net" is the brand which unifies, characterises and personifies the entire consumer offer, from a single domain access to the community & entertainment universe: love.dada.net, mobi.dada.net, life.dada.net.

Also the new Dada logo - now more lively, attractive, lucid and emotional – marks an important step in the evolution of the company.

Online Advertising

Online advertising is in a consolidation phase, with growth in investment on the web worldwide and parallel continual innovation of distribution channels and formats.

Dada Ad, the internal web advertising agency of Dada, operates in these two markets - web advertising and mobile advertising.

Mobile Advertising

The Mobile advertising market in Italy in 2006 was estimated at around Euro 18 million, with Dada representing over one third of this market. Market expectations for 2007 are for growth of approximately 60%.

Dada Ad has exclusive management of all of the properties of 3, the leading Italian UMTS carrier. The products offered are SMS profiled, MMS visual, banners and graphic space on the mobile portal Pianeta3 – these products are marketed to a user base of 6.8 million UMTS clients subscribing to H3G services.

On an experimental basis, Dada Ad commenced the sale of advertising through the DVB-H mobile television channel in the quarter.

In December 2006, Vodafone Italia offered for tender the exclusive concession of advertising sales on their properties. Dada Ad was the winning bidder. The concession is for a period of 14 months from February 2007. The products covered by the concession are FreetimeSMS, MMSmania and space on the mobile portal VodafoneLive.

Completing the range of Dada Ad mobile services are the MMS ANSA services for clients of Wind. Dada Ad is today leader in the mobile advertising market.

Web Advertising

In the Advertising Web sector, DADA is promoting itself as a partner capable of directing Internet traffic towards business activity sites or portals that can thus increase earnings from their own models. Through its sales force and its retailer network, present throughout Italy, DADA plans its campaigns with various offers:

CPM – with advertising being the driver of the campaign, that is the number of times the advertising message is visited

CPC – where the number of clicks which DADA is able to bring to the client's site through its own platform is the driver.

CPA – where DADA has a full Net Marketing structure operating with a success fee based on defined criteria such as: registered users, purchases made, forms issued, etc.

Companies investing on the Net receive an immediate and measurable return from their investment and will make up the largest part of the on-line advertising market, with the remainder deriving from brand awareness. DADA is one of the leading sector players, having created the so-called DADAclick platform, capable of transforming different kinds of on-line traffic into revenue for the client.

During the quarter the new offer on the properties of the Dada group were under preparation - a new positioning will see a further drive on advertising revenues also on these channels, which are in strong growth.

Scalable Advertising

At the end of 2006, a new group was created dedicated to the study and development of new advertising forms – the so-called scalable and repeatable forms. The first project is the positioning of advertising feeds offered by the Google and Yahoo programmes within Dada portals to high traffic.

The first results of this work will be seen in the first quarter of 2007.

Partnership between RCS and Dada

In the first half of 2006, the "RCS mobile" service, a mobile phone information service and personalised entertainment package ("powered by" Dada), completed a successful initiative which not only won over a very young target, but also an adult user base.

The service consists of the provision of editorial and entertainment content of the RCS Group newspapers and magazines, such as Gazzetta, Corriere, Astra, Novella and Max, in addition to the full provision of mobile entertainment from Dadamobile. Through RCS Mobile, customers can activate information services and receive real-time information on sports, news and lifestyle, download wallpapers and theme ringtones, such as football anthems for top football teams or wallpapers for the most popular footballers or Max Top Models; all this within an all inclusive package.

Consumer Services results

Consumer Division (12 months)						
In Euro thousands	2006		2005		Change	
	Amount	% of total	Amount	% of total	Absolute	%
Revenues- Italy	48,362	54%	42,032	87%	6,330	15%
Revenues - Overseas	41,570	46%	5,811	12%	35,759	615%
Revenues- inter-sector	174	0%	467	1%	-293	-63%
Net sales	**90,106**		**48,310**		**41,796**	**87%**
Increases in internal work	2,917	3%	1,300	3%	1,617	124%
Services	-71,259	-79%	-35,452	-73%	-35,807	101%
Personnel costs	-8,601	-10%	-4,552	-9%	-4,048	89%
Segment Ebitda	**13,163**	**15%**	**9,606**	**20%**	**3,557**	**37%**
Amortisation & depreciation	-2,279	-3%	-1,945	-4%	-334	17%
Segment Ebit	**10,884**	**12%**	**7,661**	**16%**	**3,223**	**42%**

The Division ended 2006 with sales of Euro 90.1 million compared to Euro 48.3 million in 2005, an increase of 86.5%.

In the last quarter of the year, consolidated revenues were Euro 26.4 million, compared to Euro 17.7 million in the previous year (+22%). The contribution of this division to the total consolidated revenues of the DADA Group grew, which accounted for 80% of the annual Group turnover (67% in 2005), and 83% of turnover in the fourth quarter 2006 (64% in 2005).

The change in the consolidation scope due to the acquisitions of Upoc Inc. and Tipic Inc. contributed Euro 0.8 million to sales.

It is underlined that in the quarter just ended, as in the previous quarters, the international activity saw significant increases in turnover. International business accounted for 46.2% of consolidated revenues in the division, compared to 12% in the previous year.

The fourth quarter of 2006 accounted for 43.3% of division revenues compared to 19.7% in the fourth quarter of the previous year.

The Ebitda for the year was Euro 13.2 million (15% of division revenues), compared to Euro 9.6 million (20% of division revenues) in the previous year, an increase of 38%.

In the fourth quarter alone, the Ebitda of the division was Euro 3.9 million (15% of revenues), compared to Euro 2.5 million (14% of revenues) in the same period of the previous year and Euro 3.3 million in the third quarter of 2006.

As previously reported, the percentage margin should be considered in view of the launch of the international operations, whose full benefits will be seen in the coming quarters. It should also be noted that the financial expenditures on the creation and strengthening of the user base in 2006 more than doubled compared to the previous year.

The personnel costs in the Division increased from Euro 4.5 million in 2005 to Euro 8.6 million in 2006, substantially unchanged in terms of percentage on the division's revenues.

The Ebit in the division was Euro 10.9 million (12% of division revenues) after amortisation and depreciation of Euro 2.3 million, while in 2005 the Ebit was Euro 7.7 million. In the fourth quarter of 2006 alone; the profit was Euro 2.7 million compared to Euro 2.1 million in the fourth quarter of 2005.

The increase in amortisation and depreciation is strictly correlated to the investments as previously described.

The contribution of the Consumer Division to the total consolidated results continues to grow, representing 81% of Group Ebitda and 76% of Group Ebit.

Segment investment activities

Investments totalled Euro 4.2 million and related to Euro 2.9 million of development costs for new products and processes, and Euro 1.3 million for the purchase of technological assets to support the growth in business activities.

The investments in product development relate to the implementation of platforms necessary for the provision of VAS services. In particular, this relates to the new Dada.Net platform for the Italian and international markets. Capital investments related to servers and networking systems.

BUSINESS SERVICES

The revenue sources of the **Business Division** are based on the development of Web and infrastructure projects.

In relation to the technological solutions developed by DADA for business clients, the marked increase in the demand of VAS mobile solutions is noted, or rather platforms that permit companies to offer their base users content, services and applications available via mobile.

In particular, the first quarter of the year saw the realisation of an important project for H3G Italia, which is an example of the multidisciplinary demand. DADA has manufactured 25 multimedia jukeboxes that will be placed at TRE sales points in Italy. The jukeboxes allow you to record music, video and films on to TRE mobiles, with an innovative system of interconnection and updates, created entirely by DADA. This venture combines mobile solutions, web design and system integration competences, as well as a strong creative flair, giving the consumer easy access to the world of TRE.

Business Services results

Business Division (12 months)						
In Euro thousands	2006		2005		Change	
	Amount	% of total	Amount	% of total	Absolute	%
Revenues- Italy	10,663	95%	15,111	93%	-4,449	-29%
Revenues- inter-sector	616	5%	1,166	7%	-550	-47%
Net revenues	**11,279**		**16,277**		**-4,999**	**-31%**
Increases in internal work	104	1%	156	1%	-52	-33%
Services	-7,143	-63%	-10,679	-66%	3,536	-33%
Personnel costs	-3,020	-27%	-3,977	-24%	957	-24%
Segment Ebitda	**1,219**	**11%**	**1,777**	**11%**	**-557**	**-31%**
Amortisation and depreciation	-477	-4%	-496	-3%	18	-4%
Segment Ebit	**742**	**7%**	**1,281**	**8%**	**-539**	**-42%**

The Business Division ended 2006 with a turnover of Euro 11.2 million, a decrease compared to 2005, which amounted to Euro 16.7 million.

It is recalled that in the year just ended, the consolidation scope changed following the sale of the investment in Ad Malora S.p.A. in November 2005 and of the company Planet.Com S.p.A. in July 2006.

Therefore, in the year 2006 the company Planetcom S.p.A. was only consolidated for the first six months of the year.

This change in the consolidation scope resulted in lower sales compared to the previous year of Euro 4.9 million.

The Ebitda was Euro 1.2 million, a decrease compared to the previous year which amounted to Euro 1.7 million, which was impacted by the change in the consolidation area.

The margin on sales in the division was in line with the previous year (11% of the division sales).

The segment Ebit amounted to Euro 0.7 million after amortisation and depreciation of approximately Euro 0.5 million. The previous year amounted to Euro 1.3 million after amortisation and depreciation of Euro 0.5 million.

SELF-PROVISIONING SERVICES

The sources of revenue for the **Self-Provisioning Division** result from domain registration, e-mail and hosting services or to be more precise, services with automatic supply and provision methods directed mainly at SME's.

The year 2006 was impacted by two important aspects:

The first half of 2006 was strongly characterised by the introduction at a European level of the registration of the .EU domains. Register.it registered over 25,000 domains for over 10,000 clients in the first three months of activity, in addition to the over 8,000 registration requests received during the 4 month sunrise period. Register.it represents one quarter of the Italian market.

In the second half of the year, the group acquired an investment in the Spanish company Nominalia SA in July 2006. In relation to this, further information is provided in the directors' report.

The final quarter of 2006 saw a consolidation of the growth experienced in the previous quarters, principally due to the introduction of the .EU domain. Total domain sales in the quarter (new registrations and renewals) amounted to over 70,000, in Italy and over 35,000 in Spain compared to a combined total of approximately 75,000 in 2005. Over 11,000 new clients were acquired in both markets combined. Within the up-selling of products on the domain (email and hosting), there was an increase in the new solutions launched in Italy in recent months which resulted in the sale (or renewal) of over 18,000 packages compared to 11,000 in 2005, while in Spain this type of offer will be launched in the second quarter of 2007.

Results of the Self Provisioning Services

Self Provisioning (12 Months)						
In Euro thousands	2006		2005		Change	
	Amount	% of total	Amount	% of total	Absolute	%
Revenues- Italy	8,862	79%	6,944	96%	1,918	28%
Revenues - Overseas	1,979				1,979	
Revenues- inter-sector	311	3%	263	4%	48	18%
Net sales	**11,152**		**7,207**		**3,945**	**55%**
Increases in internal work	526	5%	371	5%	155	42%
Services	-5,455	-49%	-2,880	-40%	-2,575	89%
Personnel costs	-2,989	-27%	-1,930	-27%	-1,060	55%
Segment Ebitda	**3,234**	**29%**	**2,769**	**38%**	**465**	**17%**
Amortisation & depreciation	-884	-8%	-617	-9%	-267	43%
Segment Ebit	**2,350**	**21%**	**2,152**	**30%**	**198**	**9%**

The sales in the Self Provisioning Division in 2006 amounted to Euro 11.2 million, an increase of 55% compared to the previous year, which amounted to Euro 7.2 million. Contributing to this increase was the .EU domain pre-launch registration phase and in particular the change in the consolidation area. In fact, as previously reported, in the second half of the year the Spanish company Nominalia SA was consolidated, which contributed Euro 1.9 million to sales in 2006.

The Ebitda for the division was Euro 3.2 million (Euro 2.7 million in the previous year). The decrease in the margin relates to a general increase in service costs impacting upon the margin for the period and also the integration phase of the company Nominalia SA.

This increase in costs was related to the launch of the .EU domains whose benefits will already be in evidence from the next quarter. This reduction in the margin is to be considered temporary.

The Ebit in the segment was Euro 2.4 million (21% of division sales) after depreciation and amortisation of Euro 884 thousand. In the second quarter of the previous year, the Ebit was Euro 0.5 million. In relation to amortisation and depreciation, the previous considerations apply in relation to the impact of the international accounting standards.

The Self-Provisioning Division at December 31, 2006 also recorded deferred revenues of approx. Euro 8.9 million, of which Euro 3.4 million from the company Nominalia SA acquired during the year.

Segment investment activities

The main balance sheet captions of the division are commented upon below.

Investments in the Self-Provisioning Division amounted to Euro 1,208 thousand, and concerned the purchase of EDP equipment for a total of Euro 685 thousand and development costs for new products and processes for the supply of domain and hosting services.

This latter spending principally related to the following areas:

Project for the launch of the registration of .EU domains on April 7, 2006. This activity was characterised by the creation of a domain registration platform, interfacing with the EURID Authority through automated API.

Study, creation and realisation of new Hosting Linux and Windows platform.

This activity involves the study of a new range of products and bundle introductions, the creation of a hosting platform separated from the domain and the creation of the new advanced management control panel for clients.

Design, graphic creation, development and html programming of the new platform managing the public web site www.register.it.

STOCK OPTION PLANS

The main details of the stock option plans existing at December 31, 2006 are shown below:

PLAN OF JUNE 20, 2005:

With the Extraordinary Shareholders' Meeting resolution on 28/04/2005, the Board of Directors were conferred, in accordance with articles 2443 and 2441, 8th paragraph of the civil code, the power to increase the share capital, for a five year period, on one or more occasions, up to a maximum nominal value of Euro 79,922.95, through the issue of ordinary shares with the nominal value of Euro 0.17 as an incentive plan for the employees of Dada S.p.A. and its subsidiaries.

In execution of these powers, on June 20, 2005 the Board of Directors deliberated to increase the share capital for the issue of a new three-year stock option plan in favour of the employees of DADA S.p.A. and its subsidiaries.

The above-mentioned plan provides for the issue of a total of 441,406 shares which will be divided into three annual tranches and that will be offered in subscription to the employees of the Group at an exercise price of Euro 10.82 per share, and in the period between January 18 and February 6 of each of the next three years, and thus in the three-year period 2006-2008 (in relation to the second subscription period, reference should be made to the paragraph on the subsequent events to the year end of the present document):

- tranche 1a: vesting period from June 20, 2005 to January 17, 2006, exercise period from January 18, 2008 to February 6, 2006.
- tranche 2a: vesting period from February 7, 2006 to January 17, 2007, exercise period from January 18, 2008 to February 6, 2007.
- tranche 3a: vesting period from February 7, 2007 to January 17, 2008, exercise period from January 18, 2008 to February 6, 2008.

The subscription price was determined as the average price of Dada shares in the month prior to the issue of the plan, taking into account the average share price in the last six months.

The subscription of the options of the present plan, as for the plan of March 16, 2006, is not conditional to the reaching of predetermined results, nor are the shares subscribed subject to any restrictions on availability.

The actuarial valuation of the Stock Option plan of the DADA S.p.A Group at June 20, 2005, in accordance with IFRS2, was made by an independent actuary applying the binomial method.

The model is based on a simple imposition, in which the time to maturity of the option is divided into periods, within which the price of the underlying share can assume only two alternative values based on one variation, compared to the price of the preceding period, one an increase and one a decrease. The application of this method resulted in the calculation of the stock option value, at June 20, 2005 (issue date of the plan), of Euro 1.3 per option for the first tranche, Euro 1.967 per option for the second tranche and Euro 2.18 for the third tranche. These values were reviewed compared to the previous year and this change had no significant effects.

PLAN OF FEBRUARY 3, 2006:

With the Extraordinary Shareholders' Meeting resolution of December 30, 2005, the Board of Directors in accordance with article 2443, paragraph 2 of the civil code were conferred: the power to increase the share capital, on one or more occasions, up to a maximum nominal value of Euro 136,000.00, through the issue of 800,000 ordinary shares with a par value of Euro 0.17 as an incentive plan for the executives with specific appointments and/or general directors and/or senior management and divisional managers of Dada S.p.A. and its subsidiaries.

In execution of these delegated powers, on February 3, 2006, the Board of Directors deliberated to increase the share capital for the issue of a new three-year stock option plan for the Executives with specific appointments and/or General Directors and/or senior management and divisional managers of Dada S.p.A. and its subsidiaries. The Board, on the proposal of the Remuneration Committee of the Company, approved the regulations of the Plan and assigned 700,700 options for the subscription of the same number of ordinary DADA shares to 10 Executives holding specific offices and Top Managers of the Group, also approving a share capital increase totalling Euro 119,119 to service the above-mentioned options.

The stock option plan has the purpose of providing incentives and ensuring the loyalty of the Top Management and therefore the exercise of the options is conditional, within the limits established in the regulations, of achieving 90% of the objective Consolidated Ebitda for the year 2008 as determined by the Board. The shares subscribed are not subject to any restrictions.

The exercise of the options may take place from January 15 to January 31, from February 16 to February 28, from June 1 to June 15, from September 15 to September 30 (extended to October 15 only for the year 2012) and, finally, from November 15 to November 30 of each year until November 11, 2012 and from the date of the approval of the consolidated financial statements relating to the Dada Group for the year ended December 31, 2008.

The subscription price of the shares was determined by the Board of Directors of the Company, in accordance with the criteria indicated by the Shareholders' Meeting, as Euro 14.782 per share, equal to the average official price registered of the DADA shares in the month prior to the assignment of the rights and in any case taking into account the average share price in the previous six months.

The actuarial valuation of the plan, in accordance with IFRS2, was made by an independent actuary applying the binomial method and resulted in a unitary value of Euro 4.232 per option.

PLAN OF MARCH 16, 2006:

Also in execution of the delegated powers of the Shareholders' Meeting of April 28, 2005, the Board of Directors deliberated to increase the share capital for the issue of a new three-year stock option plan in favour of the employees of DADA S.p.A. and its subsidiaries.

The above-mentioned plan provides for the issue of a total of 33,000 shares divided into three annual tranches and offered in subscription to the employees of the group at an exercise price of Euro 16.92 per share, equal to the average official price recorded of the Dada shares in the month prior to the assignment of the rights and in any case taking into account the average share price in the last six months, and a subscription period between January 18 and February 6 in the three-year period 2007-2009.

The actuarial valuation of the plan, in accordance with IFRS2, was made by an independent actuary applying the binomial method.

PLAN OF JULY 28, 2006:

The Board of Director's meeting of July 28, 2006 also approved a paid-in share capital increase for a maximum amount of Euro 9,350, through the issue of a maximum of 55,000 new shares, to service the incentive and loyalty plan of two new Top Managers of the company and as partial execution of the powers attributed to the Dada Board by the Shareholders' Meeting of December 30, 2005 and recorded in the Florence company's registration office on January 9, 2006.

The Board of Directors of Dada determined the subscription price of the shares at a price, including the share premium and nominal value, equal to the official average arithmetical prices recorded of the ordinary shares of DADA in the period between the assignment date of the subscription rights and the same day in the previous month, taking into account the share price in the past six months.

This plan has the same features as the plan of February 3, 2006, previously described.

The actuarial valuation of the plan, in accordance with IFRS2, was made by an independent actuary applying the binomial method and resulted in a unitary value of Euro 4.3192 per option.

The movements of the stock option plans are shown in the following tables:

	2006 Number of shares	Average exercise price	Market price	2005 Number of shares	Average exercise price	Market price
(1) Existing rights at 1/1	441,406	10.82	-	198,483	-	-
(2) New rights assigned	700,700	14.78	-	441,406	10.82	10.82
New rights assigned	33,000	16.92				
New rights assigned	55,000	15.47				
(3) Rights exercised in the period	(132,217)	10.82	-	164,657	4.84	-
(4) Rights expired in the period	(33,424)	10.82		(33,826)	4.84	8
(5) Existing rights at 31/12/2006	1,064,465			441,406	-	-

Exercise price:	RIGHTS ASSIGNED AT 31/12/2006 (granted) Life of the residual contract < 1 year	1-2 years	> 2 years	TOTAL	OF WHICH EXERCISEABLE (vested) TOTAL	Average residual contract life
Euro 10.82	138,493	140,034	-	278,527		
Euro 14.78	-	-	700,700	700,700		
Euro 16.92	10,078	10,078	10,082	30,238		
Euro 15.47			55,000	55,000		
TOTAL	148,571	150,112	765,782	1,064,465		

PURCHASE OF TREASURY SHARES

The Shareholders' Meeting of April 29, 2006 renewed the authorisation to the Board of Directors, to acquire within 18 months from the date of the resolution, up to a maximum number of ordinary shares representing 10% of the share capital at a price not lower than 20% and not above 10% compared to the reference price traded on the stock exchange on the day prior to each purchase and for a total amount not above the reserves available resulting from the latest approved financial statements; the same Shareholders' Meeting also authorised the Board of Directors to hold shares already in portfolio or acquired resulting from the present authorisation.

The utilisation of the treasury shares, in relation to those already in portfolio or those that may be acquired due to the present authorisation renewal, may be carried out within three years of the approval by the Shareholders' Meeting at a price, or at a valuation, not lower than 95% of the average reference price recorded in the previous thirty stock exchange trading days prior to the sales deed or, if prior, to the official deeds of commitment. The terms of this third authorisation expire on October 22, 2007.

At December 31, 2006, the company does not hold treasury shares in portfolio.

REMUNERATION OF DIRECTORS AND STATUTORY AUDITORS

Subject	Description of responsibility			Remuneration			
Name	Office held	Period of office	Expiry	Emoluments	Non-monetary benefits	Bonuses	Others
BOARD OF DIRECTORS							
Paolo Barberis	Chairman of the Board of Directors	1/1 – 31/12/06	Accounts at 31/12/2008	292.500	2.481	149.100	
Angelo Falchetti	Managing Director	1/1 – 31/12/06	Accounts at 31/12/2008	194.500	2.481	98.556	
Marco Argenti	Director	29/7 – 31/12/06	Accounts at 31/12/2008	3.150	5.003	145.200	238.242
Lorenzo Lepri	Director	1/1 – 31/12/06	Accounts at 31/12/2008	3.150	1.882	180.000	160.796
Alberto Ronzoni	Director	1/1 – 31/12/06	Accounts at 31/12/2008	2.100			
Barbara Poggiali	Director	1/1 – 31/12/06	Accounts at 31/12/2008	2.100			
Pietro Varvello	Director	1/1 – 31/12/06	Accounts at 31/12/2008	1.750			
Salvatore Amato	Director	1/1 – 31/12/06	Accounts at 31/12/2008	1.925			
Giorgio Valerio	Director	1/1 – 31/12/06	Accounts at 31/12/2008	1.225			

Subject	Description of responsibility			Remuneration			
Name	Office held	Period of office	Expiry	Emolu-ments	Non-monetary benefits	Bonuses	Other remuneration
Raffaello Napoleone	Director	21/04 – 31/12/06	Accounts at 31/12/2006	1.050			
Danilo Vivarelli	Director	21/04/– 31/12/06	Accounts at 31/12/2006	1.400			
Roberto Ravagnani **	Director	9/11– 31/12/06	Next Shareholders' meeting	350			
Riccardo Stilli **	Director	9/11 – 31/12/2006	Next Shareholders' meeting	175			
Massimiliano Pellegrini	Director*	1/1 – 21/04/2006	Resigned	1.400	3.778	98.000	196.758
Giovanni Benedetto	Director*	1/1 – 21/04/2006	Resigned	0			
Vittorio Colao	Director*	1/1 – 12/09/2006	Resigned	0			
Aldo Bisio	Director*	1/1 – 11/09/06	Resigned	175			

* Director resigned during the year

** Director since November 9, 2006

Subject	Description of responsibility			Remuneration			
Name	Office held	Period of office	Expiry	Emolu-ments	Non-monetary benefits	Bonuses	Other remuneration
BOARD OF STATUTORY AUDITORS							
Pier Angelo Dei	Chairman	1/1 – 31/12/06	Accounts at 31/12/2008	29.000			
Piero Alonzo	Statutory Auditor	21/04 – 31/12/06	Accounts at 31/12/2008	18.000			
Massimo Cremona	Statutory Auditor	21/04 – 31/12/06	Accounts at 31/12/2008	18.000			
Alessandro Grimaldi	Statutory Auditor	resigned					
Francesca Pirrelli	Statutory Auditor	resigned					

Investments held directly or indirectly by Directors, Statutory Auditors, General Directors and Directors with strategic responsibilities.

Name	Company	Number of shares held at 31/12/2005	Number of shares held at 31/12/2006
Paolo Barberis	DADA S.p.A.	986,454	986,454
Angelo Falchetti	DADA S.p.A.	430,341	430,341
Marco Argenti	DADA S.p.A.	48,581	56,081
Lorenzo Lepri	DADA S.p.A.	-	4,400
Massimiliano Pellegrini *	DADA S.p.A.	3,000	13,600

* Executive with strategic responsibilities, resigned as a Director during the year

Options assigned to Directors and to Directors with strategic responsibilities during the year

name	Options held at beginning of the year		
	Number of options	Average exercise price	average expiry
Massimiliano Pellegrini	51,000	10.82	From January 18 to February 6 of 2006, 2007, 2008
Marco Argenti	97,500	10.82	From January 18 to February 6 of 2006, 2007, 2008

name	Options assigned during the year		
	Options subscribed		
	Number of options	Exercise price per share	Average expiry
Marco Argenti	91,000	14.78	*
Paolo Barberis	127,400	14.78	*
Angelo Falchetti	91,000	14.78	*
Lorenzo Lepri	68,250	14.78	*
Massimiliano Pellegrini	118,300	14.78	*

* from January 15 to January 31, from February 16 to February 28, from June 1 to June 15, from September 15 to September 30 (extended to October 15 only for the year 2012) and, finally, from November 15 to November 30 of each year until November 11, 2012 and from the date of the approval of the consolidated financial statements relating to the Dada Group for the year ended December 31, 2008.

name	Options exercised during the year			Options expired in the year
	Number of options	Average exercise price	Average market price in year	Number of options
Massimiliano Pellegrini	17,000	10.82		
Marco Argenti	32,500	10.82		

name	Options held at the end of the year		
	Number of options	Average exercise price	Average expiry
Massimiliano Pellegrini	17,000	10.82	From January 18 to February 6 of 2006, 2007, 2008
Marco Argenti	65,000	10.82	From January 18 to February 6 of 2006, 2007, 2008
Paolo Barberis	127,400	14.78	
Angelo Falchetti	91,000	14.78	
Lorenzo Lepri	68,250	14.78	
Massimiliano Pellegrini	118,300	14.78	
Marco Argenti	91,000	14.78	

SIGNIFICANT EVENTS IN 2006

The main operational events during the year 2006 are reported below:

On June 20, 2006: the company Dada Brasil Serviços de Tecnologia Ltda was incorporated with registered offices at San Paolo. The company will distribute fee-based services in the Consumer sector in Brazil. The company began operations in the final quarter of the year.

On July 4, 2006, Dada S.p.A., in further implementing the optimisation of the Group structure, completed the sale of the entire investment held in Planet Com S.p.A., equal to 50% of the share capital.

Dada's strategy is to focus on its wholly owned subsidiaries and its core businesses, represented by the scalable services relating to the community and entertainment world accessible via web and mobile. In the first quarter of 2006, these services represented 74% of Dada's consolidated sales and registered sales in constant growth.

The sale of the entire holding in Planet Com S.p.A., specialised in judicial court auctions, to Asteimmobili.it S.p.A. was for a cash payment of Euro 2.5 million, of which Euro 2 million paid on July 4, 2006 and the remainder paid on September 30, 2006.
The investment in Planet.Com was recorded in the financial statements of Dada at December 31, 2005 at a book value of Euro 254 thousand; the sale therefore generated a gain of Euro 2.246 million.

In 2005, Planet Com recorded sales of Euro 5.675 million, an Ebitda of Euro 412 thousand and an Ebit of Euro 180 thousand. At December 31, 2005, the net equity of the company was Euro 558 thousand and the short-term NFP was a cash position of Euro 662 thousand.

On July 21, 2006, Dada S.p.A. completed the agreement for the purchase of the remaining 3% of Register.it S.p.A. from four professional individuals with long-term experience within the Group and whose relationship will remain unchanged.
Following this agreement, DADA will hold 100% of Register.it S.p.A. (www.register.it), the first Italian operator accredited by ICANN - the international body that awards the Internet technical management on a worldwide basis. Register.it S.p.A. currently boasts over 250,000 active domain names, 250,000 premium managed emails and over 120,000 web sites hosted on its evolved hosting solutions.

The acquisition of 3% of the share capital of Register.it S.p.A. was for a cash price of Euro 600 thousand paid on July 21, 2006, on the transfer of the shares.

On August 4, 2006, Register.it S.p.A., a company fully owned by Dada S.p.A. and one of the leading players in the European market of Internet domains, professional emails and hosting, formalised an agreement for the acquisition of the Spanish company Nominalia S.L. Nominalia has been active since 1997 in the Spanish professional Internet services segment and is the leading operator managing more than 155 thousand domains with an addition of about 3 thousand new domains per month.

The Company is based in Barcelona, currently employs 35 professionals among which some of the Spanish pioneers in the sector, and – like Register.it – is ICANN accredited (Internet Corporation for Assigned Names and Numbers). Direct agreements with the main Registries all over the world allow Nominalia to offer registration and management of domains and Internet professional services in more than 100 different countries.

The acquisition was made by Register.it through the purchasing of 100% of the share capital of Nominalia for a total consideration of Euro 5.2 million to be executed in three different tranches.

At the first closing of August 4, 2006, Register.it acquired 66% of Cotei S.L. – the holding company which owns as its sole asset 75% of the share capital of Nominalia – therefore acquiring 50.1% of Nominalia for a total payment of Euro 2.6 million, paid half in cash at closing and the rest to be paid in 3 equal quarterly instalments. A pledge on behalf of Register.it regarding all the shares of Nominalia and Cotei not yet acquired immediately granted Register.it full powers of governance and voting rights on 100% of the share capital of the two Spanish companies.

Along with the second closing, in February 2007, Register.it will complete the acquisition of the remaining 33% of Cotei – thus increasing its stake to 100% of Cotei and therefore 75% of Nominalia – for a payment of Euro 1.3 million, of which Euro 650 thousand to be paid at the date of the second closing and the balance to be paid in 2 equal quarterly instalments.

With the third and final closing, planned for January 2008, Register.it will complete the acquisition of the remaining shares of Nominalia equal to 25% of the capital, with a payment of Euro 1.3 million, of which Euro 650 thousand to be paid at the closing and the remainder to be paid in 2 equal quarterly instalments.

In the first 5 months of 2006, Nominalia recorded revenues of Euro 2.5 million and an Ebitda of Euro 649 thousand (equal to an Ebitda margin of 26%), while the revenues for the full year of 2005 were Euro 3.8 million with an Ebitda of Euro 830 thousand. At May 30, 2006, the net financial position of the company was a cash position of over Euro 1 million.

On August 5, 2006, Dada USA Inc., a subsidiary of Dada S.p.A. with head offices at New York and a leading player in the US community and entertainment services via web and mobile, formalised the agreement for the acquisition of the company Upoc Networks Inc., an experienced operator in the US market for Internet and mobile added value services.

Founded in 1999 with head offices in New York, Upoc operates in the provision of consumer entertainment and community services, accessible via SMS, WAP, voice, MMS, BREW and Java. The company distributes both through its own brand upoc.com and through some of the principal WAP portals of American carriers. Upoc also offers online marketing solutions for leading American media groups.

Upoc today has approximately 3 million registered users, sends an average of 2 million SMS per day and adds almost 50 thousand new subscribers monthly – the majority of which are from WAP services. The company currently has 34 professionals with proven experience in the technology sector.

The acquisition of Upoc was made through Dada USA Inc. for a cash payment totalling USD 7 million (equal to approximately Euro 5.5 million) from Group funds and was paid in one single tranche on the transfer of the shares representing the equivalent of over 90% of the ordinary share capital, while the remaining shares will be transferred subsequently.

On August 22, 2006, Dada USA Inc. completed the acquisition of Upoc Networks Inc. following the compliance of the suspension clauses of the operation. The transfer of the residual 10% took place in December.

In 2005, Upoc recorded revenues of USD 3.6 million, an increase of 71% compared to USD 2.1 million in the previous year and recorded a gross profit of USD 2.9 million.

On October 12, Dada USA Inc., a subsidiary of Dadamobile S.p.A. with head office at New York, completed the acquisition of 100% of the company Tipic Inc.

Tipic, headquartered in New York City, is a leading international player in the Blog Community segment through its brand Splinder (www.splinder.com), undisputed blog leader in Italy and one of the richest resources for user generated content in the Italian market, and Motime (www.motime.com), the leading service in the same sector in the American market. Today, Tipic manages approximately 220 thousand active Blogs and has 320 thousand registered users, with an addition of almost 12 thousand users per month. It also has over 5.2 million monthly unique visitors and registers 35 million page views per month.

The acquisition of 100% of the share capital of Tipic Inc. by DADA USA Inc. was for a total cash payment of Euro 4.5 million, 35% payable initially and the balance within 12 months. In 2005, Tipic recorded sales of approximately Euro 90 thousand and a break-even net result.

The number of personnel in the Dada Group at December 31, 2006 was 373, of which 7 Executives, while at December 31, 2005, the number of personnel was 251 and at June 30, 2006 the number was 290 (of which 4 executives). These changes were impacted by the change in the consolidation scope. The entry into the consolidation scope of Nominalia SA and of UPOC Inc. resulted in an increase of 67 employees, while the deconsolidation of Planet Com S.p.A. resulted in a decrease of 32 employees.

TRANSACTIONS WITH RELATED PARTIES

Reference should be made to the section in the notes to the financial statements (note 23).

SUBSEQUENT EVENTS AFTER THE YEAR-END

On February 22, 2007, Dadamobile S.p.A., a subsidiary of DADA S.p.A., completed the agreement for the acquisition of 30% of E-Box S.r.l., owner of the platform Blogo, and signed agreements to acquire 100% of the company over a period of 2 years.

Founded in January 2005 with head office at Milan, E-Box undertakes the activity of Nano-Publishing through its own Blogo platform which constitutes the most visited vertical blog network nationally and one of the top 10 Italian Internet Web Properties, with over 16 million monthly page visits and approximately 3.3 unique visitors per month (source: Audiweb/Nielsen, January 2007).

E-Box expects to end the year 2006 with revenues of Euro 420 thousand, principally from advertising income - over 10 primary insertion clients signed permanent sponsoring contracts with the Company – and an Ebit of Euro 50 thousand (equal to an Ebit margin of approx 12%). E-Box does not have any employees and is managed by the 4 founding shareholders, which coordinates the activities of over 50 bloggers.

The acquisition of 30% of the share capital of E.Box S.r.l. was for a payment by Dadamobile of Euro 720 thousand from the liquidity of the Group and was paid in two equal tranches, the first paid on the closing on February 22, 2007 and the second one year after the Closing. Simultaneous to the entry into the share capital, Dada was recognised governance rights relating to the nominations on the Board of Directors and control of the Company and the right of veto on important board and shareholder meeting resolutions. Purchases and sales options were also signed relating to the residual holding of the share capital which may be exercised 2 years from the Closing, subject to certain conditions.

In execution of the powers delegated to the Board of Directors in the extraordinary shareholders' meeting resolution of December 30, 2005, the Board deliberated on February 12, 2007 to issue a new three-year stock option plan for executives with specific appointments and/or general directors and/or general and divisional managers of Dada S.p.A. and its subsidiaries.

The Board on the proposal of the Remuneration Committee of the Company approved the regulations of the plan and assigned 25,000 options for the subscription of a similar amount of Dada ordinary shares to some Managers of the Group. The stock option plan has the purpose of providing incentives to Top Management, and therefore the Board stipulated the exercise of the options on reaching an objective of 90% of the Consolidated Ebitda for the year 2008, as determined by the Board.

In general terms, the exercise of the options may take place from January 15 to January 31, from February 16 to February 28, from June 1 to June 15, from September 15 to September 30 (extended to October 15 only for the year 2012) and, finally, from November 15 to November 30 of each year until November 11, 2012 and from the date of the approval of the consolidated financial statements relating to the Dada Group for the year ended December 31, 2008.

The subscription price of the shares was determined by the Board of Directors of the Company, in accordance with the criteria indicated by the Shareholders' Meeting, as Euro 16.99 per share, equal to the average official price registered of the DADA shares in the month prior to the assignment of the rights and in any case above the average share price in the previous six months.

On February 27, 2007: the second tranche of the acquisition operation of the company Nominalia was concluded. This operation involved the acquisition of the remaining 33% of Cotei - thus increasing its stake to 100% of Cotei and therefore 75% of Nominalia - for a payment of Euro 1.3 million of which Euro 650 thousand to be paid immediately and the balance to be paid in 2 equal quarterly instalments.

The figures after the end of the quarter confirm the growth in revenue in 2006. In particular, the growth in international activities continues and whose contribution is expected to increase in the coming quarters.

CORPORATE GOVERNANCE

1 Introduction

The Self-Governance Code of listed companies prepared by the Committee for the Corporate Governance of listed companies indicates an adequate corporate organisational model to manage the Company, the enterprise risks and potential conflicts of interest that can arise between directors and shareholders and between majority and minority shareholders. This therefore represents a model in line with the principles of international best practice. Its adoption is voluntary and not obligatory.

Borsa Italiana S.p.A., in the Instructions of the Regulations of the New Market, Section IA. 2.6, requires that listed companies must prepare a specific communication annually relating to its organisational choices in view of the recommendations made by the Corporate Governance Committee, to be made available to the shareholders together with the documentation required for the Annual Shareholders' Meeting to approve the annual accounts. In this communication, the Board of Directors of listed companies that have not applied the recommendations of the code or only applied them in part, must provide information on the reasons for this decision.

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The Chairman of the Board of Directors of Dada S.p.A. communicates, on behalf of the Board, that the company approved on November 9, 2006 the internal code on Corporate Governance, which represents the regulations relating to the corporate governance adopted by the Board of Directors of Dada S.p.A. and of the Board of Statutory Auditors of the company, and in relation to the regulations applicable to this latter, in compliance with the Self-Governance Code of listed companies updated in March 2006, which must be applied by listed companies in the year 2007.

The Board therefore approved the applicable Document of the above-mentioned Internal Code on Corporate Governance, with which the Board adopted some resolutions in application of the Code and approved the Procedure for the conclusion and execution of the significant operations, with related parties or with a director having an interest.

The Regulations of the Remuneration Committee
The Regulations of the Internal Control Committee
The Guidelines of the Internal Control System

In order to provide adequate disclosure, information is provided on the application of the Code, indicating which recommendations have been effectively applied and in which manner, having regard to the indications requested by the Self-Governance Code and providing adequate information on which recommendations have not been applied, either partial or delayed, in relation to 2007.

Shareholding structure:

At the present date, based on the communications received in accordance with articles 120 and 122 of Legislative Decree No. 58 of 1998, the significant holdings in the share capital of Dada S.p.A. are:

RCS Media Group S.p.A. 44.02%
Paolo Barberis 6.17%
Schoder Investment Management Limited 5.05%
Simona Cima 2.43%
Alessandro Sordi 3%
Angelo Falchetti 2.69%
Jacopo Marello 2.37%
Kairos Partners SGR SPA 2.02%
Lemanik Sicav approx. 2%
Axa World Fund Sicav 2.2%
Market 27.4%

It is recalled that a shareholder agreement currently exists between Rcs MediaGroup S.p.A. and Paolo Barberis, Angelo Falchetti, Jacopo Marello, Alessandro Sordi and Marco Argenti, originally signed on November 11, 2005. Reference should be made to the communications made in accordance with law for further information.

2. Role and functions of the Board of Directors

Article 1 of the internal code on Governance provides:

1. The Company is managed by a Board of Directors that meets on a regular basis and which is organised and operates in a manner to guarantee an effective and efficient performance of its functions.

2. The directors act and deliberate in a knowledgeable and independent manner pursuing the creation of value for the shareholders. In line with this objective, where the Company, in accordance with the law is subject to the direction and coordination and/or control by third parties, the Directors of the Company, in the undertaking of the offices held, must also take into account the directives and policies defined for the group to which the company belongs, as well as the benefits deriving from belonging to the group.

GENERAL CRITERIA

The Board of Directors, in the undertaking of its primary responsibility to determine and undertake the strategic objectives of the Company and of the Group, in addition to its activities in accordance with the company's by-laws, and those which may not be delegated by law, exclusively:

a) examines and approve the strategic, industrial and financial plans of the Company and of the Group which the Company heads, the corporate governance of the Company and the structure of the group;

b) evaluates the adequacy of the organizational, administration and general accounting system of the Company and of its subsidiaries having strategic importance, which has been implemented by the executive boards with particular reference to the internal control system and to the management of the conflict of interests;

c) assigns and revokes the powers to the executive directors, and to the executive committees and general directors, where present, establishing the limits and manner of exercising such power, in accordance with applicable law; they also determine the frequency of reporting, normally not more than three months, through which the appointed bodies must report to the directors on the activities performed in relation to the powers conferred;

d) establishes, after examining the proposals of the Remuneration Committee and after having consulted with the Board of Statutory Auditors, the fee to be paid to executive directors and those who hold specific offices, as well as dividing the total fees to which the directors are entitled among the individual members of the board, if this has not already been decided by the shareholders' meeting;

e) evaluates the general performance of operations, taking into account, in particular, the information received from executives, as well as periodically comparing the results with the budgets;

f) examines and approves the operations of the Company and its subsidiaries, when these operations have a significant strategic, economic, or financial importance for the Company, with particular attention to the situations in which one or more directors have an interest on their own behalf or on behalf of third parties and, in general, in the transactions with related parties; they establish general criteria to identify significant transactions;

g) undertakes, at least once a year, a valuation on the size, on the composition and on the functioning of the Board and on the committees, and where necessary, expressing opinions on the appointment of professional persons to the Board;

h) provide information, in the corporate governance report, on the application of the present Article I and, in particular, on the number of meetings of the Board and of the Executive Committee, where present, which were held during the year and on the relative percentage of participation of each director.

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The above-mentioned self-governance code has been implemented in the governance structure of the Company which recognises to the Board of Directors a central role within the Company, and in relation to this it should be noted that article 20, letter E of the By-laws of Dada S.p.A., largely in conformity with the provisions of the Self-Governance Code on Corporate Governance, establishes that "The Board of Directors can delegate its powers to an Executive Committee and/or to one or more Directors determining the limits of the powers delegated. The powers indicated in article 2381 of the Civil Code cannot be delegated, nor those that are not permitted by current legislation. The Executive Committee and the Executive Directors report to the Board of Directors in the following board meeting in relation to the most important economic, financial and equity operations of the company.

In particular, they report on operations in potential conflict of interest or on those of an atypical or unusual nature compared to the normal operations of the company. The same information must be provided to the Board of Statutory Auditors.

In addition to the powers that may not be delegated by law, the following powers may not be delegated by the Board of Directors:

- the determination of the general management strategy;
- the remuneration of the directors appointed to carry out particular duties (where this has not been already decided by the Shareholders' Meeting) and the division of the total remuneration to the individual members of the Board of Directors and of the Executive Committee;
- the creation of committees and commissions determining their duties, responsibilities and functioning, including with the purpose of modelling the corporate governance in accordance with that established in the self-regulation code of listed companies;
- the approval of transactions with significant economic, equity and financial importance, with particular reference to transactions with related parties.

The board of directors can, in addition, nominate general directors determining their duties and powers and can also nominate procurers for single deeds or category of deeds.

The criteria for the determination of particularly significant operations, that may not be delegated, were indirectly fixed through the structure of the delegated powers made by the Board in the meeting of May 9, 2006 and thus from a quantitative and qualitative viewpoint. In particular, from a quantitative view point, all operations are considered significant whose value is above Euro 3 million. From the qualitative viewpoint, significant operations are considered, without regard to their value, as being the approval of the strategic, industrial and financial plans of the company and the corporate structure of the group, the acquisitions, mergers, disposals, conferment of equity investments, quotas, companies business units, the incorporation of joint ventures, the purchase of buildings and company assets, the concession and granting of loans of significant amounts, that may not be the delegated.

In order to render clear the identification of the significant operations, while maintaining the above-mentioned criteria, the Board of Directors approved the Procedure for the conclusion and execution of the significant operations with related parties or with a director having an interest on February 12, 2007.

In its meetings, the Board approved the corporate governance system as resulting from the system of powers and proxies delegated currently in force within the company in conformity with the matters previously outlined. In its meetings, the Board also examined and approved the operations of significant strategic, economic, equity or financial importance, in relation to both the Company and its subsidiaries.

The Board also confirmed the approval of the group structure and positively evaluated the organizational, administration and general accounting structure of the company and its subsidiaries with strategic importance; the organisational structure was verified under different profiles, including through the activities of the internal control committee and is based on a system of procedures and controls, largely centralised on the corporate structures of the parent company; in addition, Dada S.p.A. and its Italian subsidiaries with strategic importance have an internal control system which is based on a series of analyses and procedures. In addition, the Ethical Code and the Organisational Model as per Legislative Decree No. 231/2001 were adopted, as was the Procedure for the management of confidential and privileged information.

In relation to the management of conflicts of interest, the procedures already adopted based on the above-mentioned Self-Governance Code of listed companies was further confirmed by the approval of the specific procedure for the conclusion and execution of significant operations, with related parties or with a director having an interest.

The Board also established that the executive boards, in line with the consolidated practice of the company, report at least quarterly on the activities undertaken in relation to the delegations conferred to them.

With the adoption of the internal code on Corporate Governance, the Board of Directors of Dada S.p.A, did not consider it necessary for the moment to provide an opinion on the maximum number of directorships or offices held as standing auditor in other listed companies listed on regulated markets, in financial companies, banks, insurance companies or companies of significant size, which could be considered compatible with an efficient undertaking of the appointment as director of the Company, as this consideration was left to the evaluation, except any limitations of law, to the prudent appreciation of each director in the undertaking of their commitment connected to their respective role (of chairman, executive director, non-executive director, or independent director) within the Board as well as the committees therein and taking into account the nature and size of the company in which the offices are held in other companies as well as whether these latter are part of the Group to which the Company belongs. The Board will, also based on the considerations received from the Directors, express its opinion during the year 2007.

The Board also determined, as further described in the present report, after examining the proposals of the Remuneration Committee and after having consulted the Board of Statutory Auditors, the remuneration of the Executive Directors and the other directors who hold specific positions, as well as dividing the total remuneration to which the directors are entitled among the individual members of the Board.

In 2006, the Board of Directors held 10 meetings. At the date of the preparation of the present document two meetings of the BoD were held, while for the current year a total of 7 meetings are planned. The by-laws provide that the Board meets at least on a quarterly basis. The percentage of participation of each director at the meetings is indicated in table 1 attached to the present report.

The members of the Board of Directors are provided with the necessary documentation within a reasonable time period in advance, except in the case of urgency, in order that the Board may express opinions in an informed manner on the matters on the agenda.

3. Composition of the Board of Directors

The Company is managed by a Board of Directors that meets on a regular basis and which is organised and operates in a manner to guarantee an effective and efficient performance of its functions.

The directors act and deliberate in a knowledgeable and independent manner pursuing the creation of value for the shareholders. In line with this objective, the directors, in the undertaking of the office held, must also take into account the directives and policies defined for the group to which the company belongs as well as the benefits deriving from belonging to the group.

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The Board of Directors of Dada S.p.A. is composed of 13 members: they were elected in the shareholders' meeting held on April 21, 2006, with the exception of the Directors Riccardo Stilli and Roberto Ravagnani, nominated by co-optation by the Board on November 9, 2006 replacing the resigning Directors, Vittorio Colao and Aldo Bisio. All the directors currently in office expire with the approval of the annual accounts for the year ended December 31, 2008 with the exception of those nominated by co-optation who must be reconfirmed in the next shareholders' meeting.

Members of the Board of Directors

Name	Place of birth	Date of birth
Paolo Barberis	La Spezia	08/12/1967
Marco Argenti	La Spezia	16/03/1967
Angelo Falchetti	Senigallia (AN)	14/09/1967
Salvatore Amato	Florence	23/05/1956
Danilo Vivarelli	La Spezia	06/06/1964
Raffaello Napoleone	Rome	30/10/1954
Alberto Ronzoni	Seregno	12/06/1952
Riccardo Stilli	Sanremo (IM)	01/06/1962
Giorgio Valerio	Milan	13/07/1966
Barbara Poggiali	Milan	04/03/1963
Lorenzo Lepri Pollitzer de Pollenghi	Rome	11/12/1971
Pietro Varvello	Vigevano	18/07/1965
Roberto Ravagnani	Monza (MI)	04/05/1968

Board of Directors March 2007

The directors, in such capacity, act with the objective of creating value for the shareholders and deliberate in complete autonomy with prior exhaustive knowledge of the facts, which may also be obtained from information distributed before each board meeting.

The Board of Directors is composed of executive and non-executive directors. The executive directors are the Managing Directors and persons that hold executive positions within the Company: Angelo Falchetti (Managing Director with delegated powers for all operational areas), Lorenzo Lepri (executive of the company) and Marco Argenti (executive of the company).

The powers attributed to the executive directors are contained in the Board resolution of May 9, 2006, as amended by the BoD on July 29, 2005.

The Managing Director Angelo Falchetti has delegated responsibility for all of the operational areas of the Company.

In the exercise of the delegated powers held, the Managing Director Angelo Falchetti can represent the Company with single signature up to a maximum amount of Euro 1,000,000.00, increased to Euro 3,000,000.00 up to March 8, 2007.

The directors Lorenzo Lepri Pollitzer and Marco Argenti have executive managerial responsibilities in Dada S.p.A., in addition to being appointed legal representatives of the Company. The former has responsibility for relations with the Markets and Investors, and the latter responsibility for sales and marketing.

In conformity with the requirements of the provisions introduced through article 1.C.2, the members of the Board of Directors of Dada S.p.A. that hold offices in other listed companies, financial, banking, or insurance companies, or of significant size, are provided below:

- Barbara Poggiali, director of RCS Broadcast S.p.A., Unidad Editorial SA, 3 Italia S.p.A., M-Dis Distribuzione Media S.p.A., Rai Sat S.p.A. and RCS Digital S.p.A.;
- Raffaello Napoleone, director of Pitti Immagine and Ente Moda Italia
- Alberto Ronzoni, director of RCS Investimenti S.p.A.
- Riccardo Stilli, director of RCS Pubblicità S.p.A., RCS Libri, unidad Editorial SA, M-Dis Distribuzione Media S.p.A., RCS Factor and Flammarion SA;
- Giorgio Valerio, director of Rcs Quotidiani, RCS Digital, RCS Mediagroup S.p.A., Unidad Editorial SA and Agenzia ANSA;
- Pietro Varvello, director of RCS Broadcast S.p.A.

The executive directors report to the Board on the most important activities undertaken in relation to the powers delegated to them and on the most important activities undertaken by the Company and its subsidiaries.

The Board of Directors made a positive evaluation in relation to the numbers on the board, its composition and its function.

4. Independent directors

An adequate number of non-executive directors are independent, indirectly, with the issuer or with parties related to the issuer, as they do not have, or have not recently had, relations that would condition their independent judgment.

The independence of the directors is periodically evaluated by the Board of Directors. The result of the evaluation of the Board is communicated to the market.

Article 3 of the Self-Governance Code recommends that the board of directors elect an adequate number of independent directors and attributes the duty to evaluate the independence of its non-executive members to the Board, with regard in particular to the substance rather than the form and taking into account that a director is normally not independent in the following situations:

a) if, directly or indirectly, including through subsidiary companies, trusts or interposed persons, controls the issuer or is capable of exercising a significant influence, or participates in a shareholder agreement through which one or more parties can exercise the control or have a significant influence on the issuer;

b) if he is, or was in the previous three years, a significant member of the issuer, of a subsidiary with strategic importance or of a company under joint control with the issuer, or of a company or of an entity which, also together with others through shareholder agreements, controls the issuer or is able to exercise a significant influence;

c) if, directly or indirectly (for example through a subsidiary or through which it has a significant holding, or as a partner of a professional studio or a consultancy company), has, or had in the previous year, a significant commercial, financial or professional relationship:

– with the issuer, a subsidiary, or with an important holding;

– with a party which, also together with others through a shareholder agreement, controls the issuer, or – relating to a company or entity – with the relative significant holdings or is, or was in the previous three years, an employee of one of the above-mentioned parties;

d) if receives, or has received in the previous three years, from the issuer or from a subsidiary or holding company a significant additional remuneration compared to the "fixed" emoluments of a non-executive director of the issuer, including the participation in incentive plans related to the performance of the company, including share-based payments;

e) if he was a director of the issuer for more than nine of the past 12 years;

f)if he held the role of executive director in another company in which an executive director of the Issuer is a director;

g) if he is a partner or director of a company or of an entity belonging to the network of the audit company of the issuer;

h) if he is a close family member of a person relating to one of the situations in the previous points.

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The Board of Directors of Dada S.p.A. nominated by the Shareholders' Meeting of April 21, 2006 includes three independent directors (Salvatore Amato, Raffaello Napoleone and Danilo Vivarelli): The three Directors before the Shareholders' Meeting filed declarations that they qualify as independent directors in accordance with the new edition of the of the Self-Governance Code (as per article 148, paragraph 3 of Legislative Decree No. 58/1998 and the regulations of the Italian stock exchange applicable to the Company as listed on the MTAX segment); the Board meeting of May 9, 2006 positively evaluated the independence of the above-mentioned directors.

The number and the competences of the current independent directors were evaluated as adequate by the Board of Directors, in compliance with the requirements of the Regulations of the Italian Stock Exchange and also permitted the Constitution of the Committees in accordance with the requirements of the Self Governance Code of listed companies and adequately guarantees the independence from the holding company RCS Mediagroup S.p.A. The positive evaluation of the independence of the directors, in light of their declarations in accordance with the Self-Governance Code, is reconfirmed with the approval of the present annual report on the Corporate Governance by the Board and, also with the approval of the present report, the positive evaluation was made by the Board of Statutory Auditors on the correct application of the criteria and procedures utilised by the Board in this valuation.

5. Chairman of the Board of Directors

The role of the Chairman of the Board of Directors outlined by the Self-Governance Code is fundamental to ensuring an efficient functioning of the Board and efficient Corporate Governance: he is in fact responsible for the functioning of the Board, and of the distribution of information between directors.

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According to the By-laws of Dada S.p.A., the Chairman of the Board of Directors is the legal representative of the company.

The Chairman calls the Shareholders' Meetings, of which he is the chairman, verifying the correctness of the convocation and the procedures for voting. He also calls and establishes the agenda of the Board and ensures that all of the Directors receive in a timely manner (compatible with the requirements of confidentiality, urgency and the nature of the resolutions) the necessary documentation and information in order to vote in an informed manner.

The Chairman permits the individual directors to participate at the Board meetings through technological systems such as teleconferences.

The Board of Directors of Dada S.p.A. in the meeting of May 9, 2006 conferred the managerial powers to the Chairman of the Board of Directors; having in fact nominated a Managing Director, it was considered appropriate to attribute similar powers to the Chairman in the event of urgencies arising in the case of the absence or impediments of the Managing Director, however this situation has not yet arisen; as the Chairman is not considered as the principal officer responsible for the management of the company, it was not considered necessary to appoint a Lead independent director.

6. Treatment of reserved information

The Directors and Statutory Auditors maintain maximum confidentiality with respect to the documents and information acquired in the performance of their duties, and conform to the procedure adopted by the Company for the internal management and public disclosure of these documents and information.

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The Managing Director, together with the Chairman of the Board of Directors considering the role and functions of this latter, ensures the correct management of corporate information; for this purpose, the Board of Directors implemented the recommendation of the Self-Governance Code, on September 11, 2006 adopted, as replacement of the previous code, a new procedure which has the purpose to govern the internal management and external publication of Reserved Information, and in particular Privileged Information, relating to DADA S.p.A., to all subsidiaries, and/or financial instruments issued, in order to implement instruments which would prevent the non-compliance of legal obligations in relation to public communications and market abuse and avoid that the internal management of its information is undertaken in an inadequate manner and respects a general principle of confidentiality and that the external communication in not untimely, incomplete, or which in any case would result in asymmetric information; this is applicable to all companies of the DADA Group. The procedure is therefore applicable to each subsidiary; in addition, the procedure is related to the internal procedure, also adopted by the Board, to maintain an updated register of the persons having access to confidential information in accordance with article 115-bis of the finance law and article 152-bis and thereafter of the Issuers' Regulations.

Internal dealing

The Board of Directors of DADA S.p.A. on March 16, 2006 adopted the new Code of Conduct in relation to operations made on Dada shares and related financial instruments prepared in accordance with article 152.6 and thereafter of the Consob Regulations adopted with Resolution No. 11971 and the Regulations of the Markets Organised and Managed by Borsa Italiana S.p.A.; this code replaces the previous code adopted by the Company.

The Code governs the conduct that Relevant Persons must comply with in relation to operations undertaken by these latter and by persons strictly related to them relating to Financial Instruments (as defined), also in order to permit DADA S.p.A. to comply with the communication obligations to the market in accordance with the Issuers' Regulations, and in accordance with the procedures and terms contained in the Code.

7. Holdings of Directors and transactions with related parties

In relation to transactions with related parties, the Self-Governance Code provides that: "The board of directors adopts measures in order to ensure that the transactions in which a director has an interest, on his own behalf or on behalf of third parties, and those undertaken with related parties are undertaken in a transparent manner and applying criteria which are correct both in substance and in form."

In accordance with this requirement, the "Procedure for the conclusion and execution of significant operations, with related parties or with a director having an interest" approved by the board provides that the realisation by the Company, directly or through a subsidiary company, of operations with related parties or with a director having an interest, must be undertaken in accordance with the criteria of transparency and correct both in substance and form, and in consideration of the law and in particular the provisions of articles 2391 and 2391-bis of the Civil Code, and relative regulations. In particular, this procedure, for the part relating to transactions with related parties, identifies criteria for the identification of significant operations, which require the intervention of independent experts or the internal control committee.

The procedure also provides that, where a Director has, on his own behalf or on behalf of third parties, an interest even potential or indirect, in relation to a transaction or matter subject to examination and approval by the Board of Directors, this Director must inform in a timely manner and exhaustively, the Board of Directors, in addition to the Board of Statutory Auditors – indicating the nature, the terms, the origin, and the amount of this interest – and abstaining from the meeting during the relative discussions, except where the Board does not consider this appropriate, taking into account the circumstances and also the necessity to maintain the required quorum, his presence during the discussions and resolutions.

8. Formation and functioning of the internal committees of the Board of Directors

The Board of Directors forms one or more committees for the purposes of making proposals and of consultative nature as illustrated in the subsequent paragraphs.

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The Committees are created and operate in accordance with the principles and applicable criteria of the Self-Governance Code, as described below. In relation to this, the Board of Directors approved the regulations governing the activities of the two committees formed by the Board – the Remuneration Committee and the Internal Control Committee.

9. Appointment of Directors and the Nominations Committee

The Self-Governance Code provides that the nomination of the directors is made in a transparent manner. This guarantees, among other matters, timely and adequate information on the personal and professional characteristics of the candidates for the office. The Board of Directors evaluates whether to create an internal committee for nominations, composed of a majority of independent directors.

General criteria

i) The slate of candidates, together with the professional and personal information, as well as whether they qualify as independent directors in accordance with the Code, must be filed at the registered office of the company at least 15 days before the date fixed for the Shareholders' Meeting. The slates, together with the information on the candidates, are published in a timely manner on the Internet site of the Company.

In relation to this, it is noted that, and considering the application of the provisions of law and the company by-laws in relation to the nomination of the Board of Directors, on the convocation of the relative shareholders' meeting, and the relative documentation required to be presented before the shareholders' meeting in accordance with law, the Board recalls the above-mentioned recommendations.

ii) in addition, where the voting for the nomination of directors is undertaken by secret ballot, it is recommended that the chairman of the shareholders' meeting indicates to the shareholders present that they have the right to declare their vote in order to render the procedure more transparent and functional and to the controlling shareholders, in addition to those holding significant investments as per law and to the institutional investors, it is wished that they declare their vote spontaneously.

Where formed, the committee for nominations may have one or more of the following functions:

a) propose to the Board of Directors, the candidates for the board in the cases provided by article 2386, first paragraph of the civil code, where it is necessary to replace an independent director;
b) indicate – and in compliance with law and the company by-laws – candidates for the office of independent directors to be proposed to the shareholders' meeting of the company, taking account of any indications received from the shareholders;.

c) provide opinions to the Board of Directors in relation to the size and composition of the Board and on the necessity to nominate professional persons to the Board.

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Article 19 of the By-Laws of Dada S.p.A. provide that the proposals for the nomination of members of the Board of Directors are filed at the registered office at least 10 days before the Shareholders' Meeting, accompanied by the information relating to the personal and professional characteristics of individual candidates; there is no voting of slates. In relation to this, it should be noted that, once the relative provisions are completed by the Legislature by June 2007, Dada S.p.A. will call a shareholders' meeting to update the company by-laws in accordance with the new legislative provisions in relation to the nomination of the Board of Directors resulting from the so-called law on saving and related CONSOB regulations, with the objective of introducing the voting by slates and a greater protection of the minority shareholders through the guarantee of a representative on the Board of Directors and the inclusion, as a compulsory statutory provision, of the presence of an independent director on the Board.

In relation to the present point, it should be noted that in the meeting of May 9, 2006, the Board, exercising a right expressly included in the Self-Governance Code and in consideration of the changes to the shareholding structure of the company, deliberated not to re-elect the nominations committee; the Self-Governance Code of the listed companies in fact recognises that the formation of this Committee normally arises in systems characterised by a high degree of shareholder dispersion, in order to ensure an adequate level of independence of the directors in comparison to management and that they undertake a function of particular importance in the identification of the directors in companies with a wide shareholder base.

10. Remuneration Committee

The internal Code on Corporate Governance recognises that the remuneration of the directors should be established in a sufficient manner to attract, maintain and motivate directors with the professional qualities required to manage the Company and also that the remuneration of the executive directors should be so as to align their interest with the achievement of the primary objective of the creation of value for the shareholders over a long-term period.

The Code provides that the Board of Directors forms a remuneration committee composed of non-executive directors, the majority of which being independent directors.

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The REMUNERATION COMMITTEE was created from within the Board of Directors, and currently consists of the following non-executive directors, the majority of which independent: Barbara Poggiali (Chairperson) Danilo Vivarelli and Salvatore Amato.

The objective of this Committee, confirmed by the Board on the approval of its regulations, is:

- to present to the Board proposals for the remuneration of the executive directors and of the other directors holding specific offices, monitoring the application of the decisions adopted by the board;
- to periodically evaluate the criteria adopted for the remuneration of the senior management with strategic responsibility, review the application based on the information provided by the executive directors and formulate to the Board of Directors general recommendations;
- with reference to the utilisation of the stock options and to the other incentive systems based on shares, the Remuneration Committee presents to the board its recommendations in relation to their utilisation and all the significant technical aspects in relation to their form and application, and in particular makes proposals to the Board in relation to the incentive systems considered most appropriate and monitors the progress and the application of the plans approved by the shareholders' meeting proposed by the Board.

The decisions of the Remuneration Committee must be made in such a manner that no director can influence the determination of his remuneration.

The total remuneration to be attributed to the Board was fixed by the Shareholders' Meeting of April 4, 2006, which also confirmed the amount for attending each board meeting.

In relation to the total remuneration, the Board, with the assistance of the Committee, has therefore identified the remuneration of directors with specific roles, attributing a significant part to the achievement of the objectives indicated by the Board. Similarly, a significant part of the remuneration of the senior management with strategic responsibility is related to the achievement of specific objectives. However, the remuneration of the non-executive directors is related to the commitment requested of each director and is not related to the economic results of the Company.

During the previous year, the Committee presented to the Board of Directors its proposals for the remuneration, in relation to the fixed part and variable part related to fixed objectives, of the Directors holding specific roles and provided its indications on the general criteria of the remuneration of the top managers, and also on the adoption by the Board of the stock option plans for the Top management of Dada S.p.A. and its subsidiaries.

11. Internal Control

The Self-Governance Code defines the internal control system as the overall rules, procedures and organisational structures aimed at permitting, through an adequate process of identification, measurement, management and monitoring of the principal risks, a healthy, correct and coherent management of the enterprise with it set objectives.

An effective internal control system contributes to safeguarding the company's assets, the efficiency and effectiveness of the business operations, the reliability of the financial information, the compliance with law and regulations. The Board of Directors evaluated the adequacy of the internal control system in relation to the requirements of the enterprise.

The Board of Directors ensures that it evaluations and decisions relating to the internal control system, to the approval of the financial statements and the half-year reports and the relationships between the issuer and the external auditors are supported by adequate instructions. For this purpose, the Board of Directors created a internal control committee composed of non-executive directors, the majority of which independent directors. If the issuer is controlled by other listed companies, the internal control committee is composed exclusively of independent directors. At least one member of the committee has adequate accounting and financial experience, to be evaluated by the board of directors on the nomination.

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The Internal Control Committee of Dada S.p.A., in compliance with the provisions of law and the internal Code on Corporate Governance, is composed entirely of independent directors; the members of the committee are as follows: Salvatore Amato (Chairman), Raffaello Napoleone and Danilo Vivarelli; among the directors, Mr. Vivarelli has adequate accounting and financial experience.

The Board of Directors appointed the Managing Director Angelo Falchetti as the person responsible for supervising the operations of the internal control system.

As indicated in the internal regulations of the Committee, the Internal control committee, which undertakes general consultative and proposal functions, in addition to assisting the Board of Directors in undertaking its duties, indicated by the Self-Governance Code:

a) evaluates, together with the executive responsible for the preparation of the corporate accounting documents and with the auditors, the correct utilisation of the accounting principles and, in relation to the Group, their uniformity in the preparation of the consolidated financial statements;

b) on request, the executive director, where necessary expresses an opinion on specific aspects relating to the identification of the principal business risks as well as the planning, realisation and management of the internal control system

c) examines the work plan prepared by the person responsible for internal control as well as the periodic reports prepared by this person;

d) evaluates the proposals made by the external audit firms for the audit appointment, as well as the work plan prepared by the auditors and the auditors opinion and management letter;

e) reviews the efficiency of the audit;

f) undertakes additional duties which may be attributed by the Board of Directors in relation to transactions with related parties;

g) reports to the Board, at least on a half-yearly basis, on the approval of the financial statements and on the half-year report, on the activities undertaken as well as on the adequacy of the internal control system.

The chairman of the Board of Statutory Auditors or another statutory auditor designated by him attends the internal control committee meetings.

In accordance with the above-mentioned Self-Governance Code, the Board of Directors, with the assistance of the Committee, defined the guidelines for the internal control system and periodically verified the adequacy and the functioning of the control system, and also during the examination and approval of the half-yearly reports presented by the committee on the activity undertaken.

On the proposal of the Committee, the Board also approved the guidelines on the control system in order that the principal risks relating to the issuer and its subsidiaries are correctly identified, and adequately measured.

The annual evaluation on the adequacy, efficiency and effective functioning of the internal control system, was positively renewed during the Board meeting of March 9, 2007 on the presentation by the Committee of the Report on the activities undertaken during the second half of 2006.

During the procedure for the assignment of the audit in 2006, concluded in favour of the company Ernst & Young, the Committee evaluated the proposals made by the audit companies to obtain the appointment, as well as the work plan prepared for the audit, and provided its opinion to the Board. Similarly, the Committee held a meeting with the audit company appointed in order to examine the accounting principles and, in relation to the Group, their uniformity for the preparation of the consolidated financial statements.

In relation to the control structure, it is noted that in 2006 there were two persons responsible for the internal control committee; in consideration of the changes made to the Self-Governance Code and to the change in the organisational structure of the company, on February 12, 2007, the Board, on the proposal of the executive director and having consulted with the Committee, approved a different structure of the persons responsible for internal control, in favour of the confirmation of the person responsible for internal control Mr. Carlo Ravazzin and appointing Mr Leonardo Bonciani in the role as Company Reference for the person responsible for internal control.

The function of the person responsible for internal control is to verify whether the operational processes of the "normal" controls are adequate compared to the potential risks, making recommendations to management and to the control committee, where necessary, on the adoption of all the measures required to eliminate risks of a financial nature and to improve the efficiency and effectiveness of business processes.

The activity of the person responsible for internal control is continually directed at the identification of further areas of risk, to be reported to the Control Committee for the adoption of appropriate measures.

The person responsible reports to the internal control committee and to the board of statutory auditors; in addition, he also reports to the executive director responsible for supervising the functioning of the internal control system. In particular, he reports on the manner in which the management of the risks is undertaken, as well as compliance of the plans defined for their containment.

The activity of the persons responsible and the Internal Control Committee was extended also to the application and verification of the procedures as per Legislative Decree 231/2001 (governing the administrative responsibility of legal persons), for the purposes of the adoption of the most appropriate preventive and control model.

The above-mentioned committee defines the procedures in order to examine, identify and resolve new potential risk areas in accordance with the current organisational structures and responsibilities.

The company also created an internal audit department, under the responsibility of the Person Responsible for Internal Control, an external party to the Company and head of this Department in consideration of his competence and experience already matured in relation to the companies of the Dada Group.

12. Relations with institutional investors and other shareholders

The Board of Directors promotes initiatives in order to favour the greatest participation possible of the shareholders at shareholder meetings and facilitates the exercise of the rights of the shareholders.

The Board of Directors actively attempts to establish a continual dialogue with its shareholders based on an understanding of their reciprocal roles.

The Committee for Corporate Governance consider that it is in the interest of the company to implement a continual dialogue with all shareholders and with institutional investors, including nominating a person responsible, and if necessary, creating a corporate structure dedicated to this function.

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The Board of Directors operates in a timely manner and facilitates the access of significant information to the shareholders, in order to ensure that these latter can exercise their rights in a knowledgeable manner. For this purpose, the Company has created a separate section on its Internet site, easily identifiable and accessible, in which, in accordance with the provisions of law and the internal procedure for the management and communication of corporate information adopted in accordance with article IV of the present Code, information is made available concerning the issuer of importance to the shareholders, such as the manner for participation in the exercise of the voting rights in shareholder meetings, the documentation relating to the matters on the agenda, including the list of candidates for the role of director or statutory auditor.

The Board also appointed the Director Lorenzo Lepri as Investor Relator and created a department for this function.

The financial communication activity is carried out through press releases and periodic meetings with the financial community in order to pursue the principal of information symmetry and in respect of “price sensitive” information.

13. Shareholders' Meetings

Article 12 of the Self -Governance Code underlines the central role that the Shareholders' Meeting must have in the life of a company, as a fundamental forum of corporate debate and relations between the shareholders and the Board of Directors.

On the proposal of the Board of Directors, the Shareholders' Meetings must approve a regulation that indicates the procedures to be carried out in order to permit the functioning of the Shareholders' Meetings, without however affecting the rights of each shareholder to express their opinion on the matters under discussion.

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In order to facilitate the participation of the shareholders at the shareholders' meeting of the company, the Board of Directors convenes the meetings in locations easily accessible from the headquarters of the company and from central stations; in addition, the shareholders' meetings are called in the early afternoon in order to facilitate the participation of shareholders from outside of the city. The shareholders' meetings are governed by Regulations approved by the shareholders' meeting in 2001, whose adoption was considered appropriate, for a correct and normal functioning of the meetings.
The company encourages and facilitates the widest possible participation of the shareholders at the Shareholders' Meetings, providing, in respect of the Governance on price sensitive communications, the information, requested by the shareholders relating to the company.

14. Statutory Auditors

The nomination of the statutory auditors is made in a transparent manner. This guarantees, among other matters, timely and adequate information on the professional and personal characteristics of the candidates.
The statutory auditors act with autonomy and independence also in relation to the shareholders who elected them.
The issuer prepares the measures which guarantee an efficient undertaking of the duties of its board of statutory auditors.

The Self-Governance Code recommends that the appointment of the statutory auditors is made based on a transparent procedure; it is the conviction of the Committee that the interests of the majority and that of the minority must be considered on the nomination of the corporate boards and that subsequently, the corporate boards and thus also the statutory auditors must operate exclusively in the corporate interest and for the creation of value for all of the shareholders.

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Article 24 of the Company By-laws governs the nomination of the Board of Statutory Auditors, providing that the proposals to the shareholders' meetings for the nomination of the statutory auditors are filed at the registered office of the company at least 15 days before the date of the Shareholders' Meeting, together with adequate information relating to the professional and personal characteristics of the candidates; it also provides that the Board of Statutory Auditors are elected through the voting of slates, and that shareholders may present a slate if they represent at least 5% of the share capital.

As for the procedure for the nomination of the Board of Directors, also the nomination of the board of statutory auditors will be subject to change in the company by-laws to be made at the next shareholders' meeting to be held by June 2007 to comply with the recent introductions by the legislature through the so-called law on savings and related Consob regulations, in order to ensure greater independence and efficiency of the boards, and the representation of the minority shareholders.

The positive evaluation on the independence of the current Statutory Auditors in accordance with the Self-Governance Code is confirmed with the approval of the present annual report on Corporate Governance by the Board.

TABLE 1: BOARD OF DIRECTORS
(information on attendance in 2006)

BOARD OF DIRECTORS							INTERNAL CONTROL COMMITTEE		REMUNERATION COMMITTEE	
OFFICE	MEMBER	EXEC.	NON EXEC.	IND.	% ATTEN-DANCE	OTHER OFFICES HELD	MEM.	% ATTEN-DANCE	MEM.	% ATTEN-DANCE
CHAIRMAN	PAOLO BARBERIS		X		100					
MANAGING DIRECTOR	ANGELO FALCHETTI	X			100					
DIRECTOR	MARCO ARGENTI	X			100					
DIRECTOR	GIORGIO VALERIO		X		70	5				
DIRECTOR	LORENZO LEPRI	x			100					
DIRECTOR	DANILO VIVARELLI (*)			X	100		X	100 (***)	X	--- (***)
DIRECTOR	ALBERTO RONZONI		X		100	1				
DIRECTOR	SALVATORE AMATO			X	80	1	X	33	X	100
DIRECTOR	Raffaello Napoleone (*)			X	66	2	X	100 (***)		
DIRECTOR	Riccardo Stilli (**)		x		100	6				
DIRECTOR	BARBARA POGGIALI		X		90	6			X	100
DIRECTOR	PIETRO VARVELLO		X		90	1				
DIRECTOR	Roberto Ravagnani (**)		X		100					
NUMBER OF MEETINGS HELD DURING THE YEAR		BOD: 10					INTERNAL CONTROL COMMITTEE: 3		REMUNERATION COMMITTEE: 3	

(*) director since 21/04/2006
(**) director since 9/11/2006
(***) Member of the Committee since 9/5/2006;

TABLE 2: BOARD OF STATUTORY AUDITORS

OFFICE	MEMBER	PERCENATE OF ATTENDANCE AT BOARD MEETINGS	NUMBER OF OTHER OFFICES HELD
CHAIRMAN	PIER ANGELO DEI	100%	3
STATUTORY AUDITOR	PIERO ALONZO (*)	100%	3
STATUTORY AUDITOR	MASSIMO CREMONA (*)	33%	10
ALTERNATE AUDITOR	FRANCESCA PIRRELLI		
ALTERNATE AUDITOR	CLAUDIO PASTORI		
NUMBER OF MEETINGS IN YEAR: 6			
Shareholders may present a list for the appointment of the statutory auditors alone or together with other shareholders, if they represent at least 5% of the shares with voting rights at an ordinary shareholders' meeting.			

(*) statutory auditor since21/04/2006

TABLE 3: OTHER REQUIREMENTS OF THE GOVERNANCE CODE

	YES	NO	Summary of any differences from the recommendations of the Code
Powers delegated and transactions with related parties			
The BoD has attributed powers defining:			
a) limits	x		
b) functioning	x		
c) and periodical information?	x		
The BoD reviews and approves the transactions of an important economic and financial nature (including transactions with related parties)?	x		
The BoD has defined guidelines and criteria for the identification of "significant" operations?	x		
The above guidelines and the criteria are described in the report?	x		
The BoD has defined specific procedures for the review and approval of operations with related persons?	x		
Are the procedures for approval of transactions with related parties described in the report?	x		
Procedures for the most recent nomination of directors and statutory auditors			
Were the appointments for director filed at least 10 days in advance?	x		
The candidature for director is accompanied by full and complete information?	x		
Were the appointments for statutory auditor filed at least 10 days in advance?	x		
The candidature for statutory auditor is accompanied by full and complete information?	x		
Shareholders' Meetings			
The company has approved Shareholders' Meeting Regulations?	x		
The Regulation is attached to the report (or indicated where it can be obtained)?	x		
Internal Control			
Has the company appointed persons responsible for internal control?	x		
Are they hierarchically independent from Business Area managers?	x		
Organisational internal control dept. (ex art. 9.3 of the Code)			
Investor relations			
Has the Company appointed an investor relations manager?	x		
Structural unit and references (address/telephone/fax/email) of investor relations manager			

ATTACHMENT 1

WORKING CAPITAL AND NET FINANCIAL POSITION OF THE DADA GROUP AT DECEMBER 31, 2006

(Amounts in Euro/thousand)	Dec 31, 06	Dec 31, 05	Change	
			Absolute	Percent.
Fixed assets (A)	**38,552**	**19,704**	**18,848**	**96%**
Current assets (B)	63,475	34,999	28,476	81%
Current liabilities (C)	-56,518	-34,276	-22,242	65%
Net working capital (D) = (B)-(C)	**6,957**	**723**	**6,234**	**862%**
Employee leaving indemnity provision (E)	-1,790	-1,455	-335	23%
Provision for risks and charges (F)	-911	-836	-75	9%
Net capital employed (A+D+E+F)	**42,808**	**18,136**	**24,672**	**136%**
Medium-long term payables	-244	-964	720	-75%
Shareholders' equity (G)	**-54,338**	**-40,209**	**-14,129**	**35%**
Short-term bank debt	-1,213	-734	-479	65%
Short-term financial receivables and securities	2,456	11,894	-9,438	-79%
Cash and cash equivalents	10,531	11,877	-1,346	-11%
Short-term net financial position	**11,774**	**23,037**	**-11,263**	**-49%**

ATTACHMENT 2

CONSOLIDATED INCOME STATEMENT AS AT DECEMBER 31, 2006

(Amounts in Euro/thousand)	Dec 31, 06 12 months		Dec 31, 05 12 months		Change	
	Am-ount	% of total	Amount	incid. % of total	Abso-lute	Percen-tage
Net Revenues	**111,435**	**100%**	**69,898**	**100%**	**41,537**	**59%**
Changes in inventory and internal work	3,547	3%	1,829	3%	1,718	94%
Service costs and other operating costs	-84,080	-75%	-48,139	-69%	-35,941	75%
Personnel costs	-15,190	-14%	-10,866	-16%	-4,324	40%
Ebitda (*) (**)	**15,712**	**14%**	**12,722**	**18%**	**2,990**	**24%**
Amortisation and depreciation	-3,982	-4%	-3,280	-5%	-702	21%
Non-recurring income (charges)	-272	0%	-149	0%	-123	83%
Revaluations/(Write-downs)	-673	-1%	-1318	-2%	645	-49%
Ebit	**10,785**	**10%**	**7,975**	**11%**	**2,810**	**35%**
Investment income	2,767	2%	410	1%	2,357	575%
Financial income and charges	-1,653	-1%	-424	-1%	-1,229	290%
Profit before taxes	**11,899**	**11%**	**7,961**	**11%**	**3,938**	**49%**
Income taxes	697	1%	-677	-1%	1,374	-203%
Net profit	**12,596**	**11%**	**7,284**	**10%**	**5,312**	**73%**
Minority interest profit	-141	0%	-62	0%	-79	127%
Group net profit	**12,455**	**11%**	**7,222**	**10%**	**5,233**	**72%**

(*) Operating result before amortisation/depreciation, write-downs and extraordinary items

(**) after write-downs and extraordinary items of Euro 0.9 million

ATTACHMENT 3

RECLASSIFIED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER AT DECEMBER 31, 2006

(Amounts in Euro/thousand)	Dec 31, 06 3 months		Dec 31, 05 3 months		Change	
	Amount	% of total	Amount	% of total	Absolute	Percent.
Net Revenues	**31,311**	**100%**	**23,519**	**100%**	**7,792**	**33%**
Changes in inventory and internal work	1,361	4%	618	3%	743	120%
Service costs and other operating costs	-23,338	-75%	-17,970	-76%	-5,368	30%
Personnel costs	-4,745	-15%	-2,813	-12%	-1,932	69%
Ebitda (*) (**)	**4,589**	**15%**	**3,354**	**14%**	**1,235**	**37%**
Amortisation and depreciation	-1,309	-4%	-1,022	-4%	-287	28%
Non-recurring income (charges)	58	0%	-225	-1%	283	-126%
Revaluations/(Write-downs)	-174	-1%	-1,066	-5%	892	-84%
Ebit	**3,164**	**10%**	**1,041**	**4%**	**2,123**	**204%**
Investment income	114	0%	141	1%	-27	-19%
Financial income and charges	-1,247	-4%	-149	-1%	-1,098	737%
Profit before taxes	**2,031**	**6%**	**1,033**	**4%**	**998**	**97%**
Income taxes	1,241	4%	718	3%	523	73%
Net profit	**3,272**	**10%**	**1,751**	**7%**	**1,521**	**5%**
Minority interest profit	-15	0%	66	0%	-81	-123%
Group net profit	**3,257**	**10%**	**1,817**	**8%**	**1,440**	**5%**

(**) Operating result before amortisation/depreciation, write-downs and extraordinary items
(**) gross of write-downs and extraordinary items for Euro 120 thousand

ATTACHMENTS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE DADA GROUP AS AT DECEMBER 31, 2006

(Prepared in according with IAS/IFRS)

Registered Offices: Viale Giovane Italia, 17 - Florence
Share capital Euro 2,736,503.43 full paid-in
Florence Company Registry Office no. F1017-68727-REA 467460
Fiscal code/Vat no. 0462827482

CONSOLIDATED INCOME STATEMENT OF THE DADA GROUP AT DECEMBER 31, 2006 PREPARED IN ACCORDANCE WITH IAS/IFRS

	Ref.	31/12/06 (12 months)	31/12/05 (12 months)
Net Revenues	4	**111,435**	**69,898**
- of which related parties	23	2,790	665
Cost of raw materials and consumables	4	-56	-49
Changes in inventory and internal work	4	3,547	1,829
Service costs and other operating costs	4	-84,194	-48,041
- of which related parties	23	3,221	959
Personnel costs	4 - 5.5	-15,190	-10,866
- of which related parties	23	977	644
Other charges	4 - 5.1	-102	-198
Provisions and write-downs	4 - 5.3	-673	-1,318
Amortisation and depreciation	4 - 5.4	-3,982	-3,280
Ebit		10,785	7,975
Investment income	4 - 5.2	2,767	410
- of which revenues from non-recurring activities*	4 - 5.6	2,246	576
Financial charges	4 - 5.2	-1,653	-424
Profit before taxes		11,899	7,961
Income taxes	4 - 6	697	-677
Profit from normal operations		12,596	7,284
Minority interest profit	4	-141	-62
Group net profit		**12,455**	**7,222**
Basic earnings per share		0.779	0.456
Diluted earnings per share		0.731	0.444

* Gross gain from discontinued operations

CONSOLIDATED BALANCE SHEET OF THE DADA GROUP AS AT DECEMBER 31, 2006 PREPARED IN ACCORDANCE WITH IAS/IFRS

ASSETS	Ref.	31/12/06 (12 months)	31/12/05 (12 months)
Non-current assets			
Goodwill	8	23,411	9,261
Intangible fixed assets	8 - 11	6,422	4,304
Other tangible assets	9	4,573	3,229
Equity investments in non-consolidated subsidiaries, associated and other companies		825	15
Financial assets		235	248
Deferred tax assets	6	8,081	4,829
Total		43,547	21,886
Current assets			
Inventories	15	111	372
Trade receivables	16	41,449	23,499
- of which related parties	23	1,972	570
Tax receivables and others	16	16,920	8,946
Financial assets held for trading	12	2,456	11,894
Cash at bank and in hand	17	10,531	11,877
Total		**71,467**	**56,588**
Non-current assets of discontinued operations			**-**
TOTAL ASSETS		**115,014**	**78,474**

CONSOLIDATED BALANCE SHEET OF THE DADA GROUP AS AT DECEMBER 31, 2006 PREPARED IN ACCORDANCE WITH IAS/IFRS

SHAREHOLDERS' EQUITY AND LIABILITIES	Ref.	31/12/06 (12 months)	31/12/05 (12 months)
SHAREHOLDERS' EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	18	2,715	2,692
Share premium reserve	18	29,493	28,085
Legal reserves	18	538	406
Other reserves	18	-311	-6,065
- of which related parties	23	493	43
Retained earnings	18	9,844	7,349
Profit for the year	18	12,455	7,222
Total Group shareholders' equity		**54,734**	**39,689**
Minority interest share		**-396**	**520**
Total Shareholders' Equity		**54,338**	**40,209**
Non-current liabilities			
Bank loans (beyond one year)	19	244	934
Provisions for risks and charges	20	911	836
Employee leaving indemnities	14	1,790	1,455
Other payables beyond one year		0	30
Total		**2,945**	**3,255**
Current liabilities			
Trade payables	21	37,809	22,371
- of which related parties	23	2,125	732
Other payables	21	15,666	9,965
- of which related parties	23	573	101
Tax payables	21	3,043	1,940
Bank overdrafts and loans (within one year)	21	1,213	734
Total		**57,731**	**35,010**
Non-current liabilities of discontinued operations		**0**	**0**
TOTAL SHAREHOLDERS'EQUITY & LIABILITIES		**115,014**	**78,474**

CONSOLIDATED CASH FLOW OF THE DADA GROUP AS AT DECEMBER 31, 2006 PREPARED IN ACCORDANCE WITH IAS/IFRS

Amounts in Euro/thousand	31/12/06 (12 months)	31/12/05 (12 months)
Operating activities		
Group Net Profit	**12,455**	**7,222**
Adjustments for:		
Income from trading activities	-2,767	-778
Financial charges	1,653	424
Income taxes	-697	677
Depreciation of tangible fixed assets	1,334	974
Amortisation of other intangible assets	2,648	2,306
Other provisions and write-downs	1,207	980
Increases/(decreases) in provisions	36	-435
Cash flows generated from operating activities before working capital changes	**15,869**	**11,370**
Increase in inventories	261	-271
(Increase)/ decrease in receivables	-29,116	-8,596
Increase in trade payables	22,194	7,738
Cash flow generated from operating activities	**9,208**	**10,241**
Income taxes paid	-964	-415
Interest paid	-641	-499
Net cash flow generated from operating activities	**7,603**	**9,327**
Investing activities		
Interest received	521	410
Purchase of subsidiary and associated companies	-14,439	-4,155
Translation effect on consolidation area	-775	
Sale of subsidiary and associated companies	2,500	113
Purchase of tangible fixed assets	-2,678	-1,885
Purchase of financial assets	13	329
Purchase/sale of financial assets available for sale	9,438	-2,700
Purchase of intangible assets	-1,219	-613
Product development costs	-3,547	-1,829
Net Cash flow used in investment activities	**-10,186**	**-10,329**

CONSOLIDATED CASH FLOW OF THE DADA GROUP AS AT DECEMBER 31, 2006 PREPARED IN ACCORDANCE WITH IAS/IFRS

Amounts in Euro/thousand	31/12/06 (12 months)	31/12/05 (12 months)
Financial activities		
Dividends from subsidiaries	25	-40
Repayment of loans	-690	-1,856
Payments deriving from share capital increases	1,431	797
Sale of treasury shares		2,600
Other changes	-8	78
Increases (decreases) in bank overdrafts		
Net Cash flow generated from financing activities	**758**	**1,579**
Net increase/(decrease) in cash and cash equivalents	**-1,825**	**577**
Cash and cash equivalents at beginning of the year	**11,143**	**8,800**
Cash and cash equivalents at 31/12/2006	**9,318**	**9,377**

Additional information on the cash flow statement	2006
Cash and cash equivalents at the beginning of the year:	**9,377**
Cash and cash equivalents	11,887
Bank payables – current portion	-2510
Cash and cash equivalents at the end of the year:	**9,318**
Cash and cash equivalents	10,531
Bank payables – current portion	-1,213
Increases (decreases) in the year	**-59**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY FROM 01/01/04 TO 31/12/2006

Description	Share capital	Share premium reserve	Legal	Other reserves	Retained earnings	Profit/ (loss)	Total
Balance at January 1, 2004	2,664	58,986	406	-9,045	4,257	-24,879	32,389
Allocation of results 2003		-24,971			92	24,879	0
Purchase of treasury shares				-658			-658
Result at 30/06/2004						-2,725	-2,725
Balance at 31/12/04	**2,664**	**34,015**	**406**	**-9,703**	**4,349**	**-2,725**	**29,006**
Allocation of results 2004		-6,699			3,975	2,725	0
Share capital increase	28	769					797
Sale of treasury shares				3,370	-770		2,600
Stock Options				251	-205		46
Translation difference				18			18
Result at 31/12/2005						7,222	7,222
Balance at 31/12/05	**2,692**	**28,085**	**406**	**-6,064**	**7,349**	**7,222**	**39,689**
Allocation of results 2005			133	4,734	2,355	-7,222	0
Share capital increase	22	1,408					1,430
Translation difference				-64			-64
Stock Options				1,083	140		1,223
Result at 31/12/2006						12,455	12,455
Balance at 31/12/06	**2,714**	**29,493**	**539**	**-311**	**9,844**	**12,455**	**54,734**

ACCOUNTING PRINCIPLES AND NOTES

1. Corporate information

DADA S.p.A. is a limited liability company incorporated in Italy at the Florence Company's Registry Office. The addresses of the registered office and of the locations in which the main activities of the Group are carried out are indicated in the introduction to the accounts. On October 16, 2006, the company changed its registered office to Viale Giovine Italia 17, Florence.

The DADA Group operates in the Internet sector and its principal activities are in the consumer market, with applications for PC and mobile telephone services, the business solutions market and the Hosting & domain market (self-provisioning). For further information, reference should be made to the Directors' Report on operations.

2.1 Criteria for the preparation of the Financial Statements

The present consolidated financial statements were prepared in accordance with the historical cost convention, with the exception of financial assets held for trading which were measured at fair value.

The present consolidated financial statements are expressed in Euro as this is the currency in which the majority of the operations of the Group are carried out.

The report comprises the balance sheet, income statement, statement of change in shareholders' equity, cash flow statement and the present notes.

Declaration of compliance with IFRS

The annual consolidated financial statements for the year 2006 are prepared in accordance with IFRS issued by the International Accounting Standards Board and standardised by the European Union. IFRS also include all the revised international accounting standards (IAS) and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), including those previously issued by the Standing Interpretations Committee ("SIC").

Consolidation principles

The present financial statements includes the results of the Parent Company Dada S.p.A. and of the companies it controls as at December 31, 2006. Based on the accounting standards applied, the control of a company is when the company has the power to determine financial and operating policies of a company so as to benefit form its activities.

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

All of the significant operations undertaken between the companies of the Group and the relative balances are eliminated in the consolidation. Business combinations are recorded in the consolidated financial statements in accordance with the purchase method, as described below.

The minority share interests in the subsidiaries consolidated are recorded separately in shareholders' equity.

This minority interest is determined based on the percentage held in the fair value of the assets and liabilities recorded at the original acquisition date (see below) and in the changes in shareholders' equity after this date.

After the initial recording, the losses attributable to the minority shareholders exceeding the shareholders' equity pertaining to them are allocated to the Group shareholders' equity except where the minority shareholders have a binding obligation and are capable of making further investments to cover the losses.

The separate financial statements of each company belonging to the Group are prepared in the primary currency where they operate (operational currency). For the purposes of the consolidated financial statements, the financial statements of each foreign entity are expressed in Euro, which is the operational currency of the Group and the presentation currency of the consolidated financial statements.

All of the assets and liabilities of foreign subsidiaries in currencies other than the Euro which are included in the consolidation are translated using the exchange rate at the balance sheet date: (current exchange method). Income and costs are translated at the average exchange rate for the year. The translation differences deriving from the application of this method are classified in equity until the sale of the investment. In the preparation of the consolidated cash flow statement, the average exchange rates for the year are used to convert the cash flows of foreign subsidiaries.

The exchange differences on the translation between the initial net equity translated at current exchange rates and those translated at historical exchange rates, as well as the differences between the result expressed at average exchange rates and those expressed at current exchange rates, are allocated to the shareholders' equity account "Other reserves".

On the sale of a foreign entity, the accumulated exchange differences recorded in the equity reserve, relating to the foreign entity, are recorded in the income statement.

The exchange rates used for the translation to Euro of the income statement and balance sheet of the companies included in the consolidation are shown in the table below.

	AVERAGE EXCHANGE RATE AT 31/12/2006	EXCHANGE RATE AT 31/12/2006
US Dollar	1.2556	1.317
Brazilian Real	2.7331	2.813

The minority share interests in the subsidiaries consolidated are recorded separately in shareholders' equity. This minority interest is determined based on the percentage held in the fair value of the assets and liabilities recorded at the original acquisition date (see below) and in the changes in shareholders' equity after this date. After the initial recording, the losses attributable to the minority shareholders exceeding the shareholders' equity pertaining to them are allocated to the Group shareholders' equity except where the minority shareholders have a binding obligation and are capable of making further investments to cover the losses.

The consolidation scope of the DADA Group changed as follows:

The company Planet Com was sold at the beginning of July 2006. This investment was therefore fully consolidated in the income statement for the first six months of the year. The sale of the company generated a gain of Euro 2,246 thousand.

At December 31, 2006, the acquisitions made in the year are included. In particular, the acquisition of Nominalia SL at the beginning of August is fully consolidated in the balance sheet and for the period August – December in the income statement.

The investment in the company Upoc Networks Inc acquired at the end of August was fully consolidated from September.

The investment in the company Tipic was fully consolidated from November.

The consolidation scope for the periods are shown below:

Consolidation scope	At December 31, 2006			At September 30, 2006			At December 31, 2005		
Values: Euro/000	Perc. Poss.	Period Consol.	Share capital	Perc. Poss.	Period Consol.	Share capital	Perc. Poss.	Period Consol.	Share capital
Dada SpA (FI)	Parent Company	Jan-Dec 2006	2,714	Parent Company	Jan-Sept. 2006	2,714	Parent	Jan-Dec 2005	2,692
PlanetCom SpA (MI)*	-	-	-	-	-	-		Jan-Dec 2005	263
Media Dada Science and Development Co. Ltd (Beijing - CINA) ***		Dec-Dec 2006	759	-	-	-	-	-	-
Register SpA (BG)	100%	Jan-Dec 2006	1913	97.04%	Jan-Sept. 2006	1913	97.04%	Jan-Dec 2005	1913
- Cotei SL (Barcellona - ES) ind.	66.75%	Aug - Dec 2006	23	66.75%	Aug - Sept 2006	23	-	-	-
- Nominalia SL **** (Barcellona - ES) ind.	75.00%	Aug - Dec 2006	3	75.00%	Aug - Sept 2006	3	-	-	-
Softec SpA (Pistoia)	50.00%	Jan-Dec 2006	300	50.00%	Jan-Sept. 2006	300	50.00%	Jan-Dec 2005	300
- WebNet S.r.l. (FI) ind	100.00%	Jan-Dec 2006	21		Jan-Sept. 2006	21		Jan-Dec 2005	21
- Business Engineering Srl (PT) ind.	100.00%	Jan-Dec 2006	21		Jan-Sept. 2006	21		Jan-Dec 2005	21
DadaMobile S.p.A. (FI)	100.00%	Jan-Dec 2006	9933		Jan-Sept 2006	9933		Jan-Dec 2005	9933
- Clarence S.r.l. (FI) ind.	100.00%	Jan-Dec 2006	21		Jan-Sept. 2006	21		Jan-Dec 2005	21
- Dada USA Inc (NY - USA) ind.**	100.00%	Jan-Dec 2006			Jan-Sept. 2006			Feb-Dec 2005	
- Upoc Inc (NY - USA) ind.	100.00%	Sept - Dec 2006	17	93.00%	Sept - Sept 2006	17	-	-	-
- Dada Brasil Serviços de Tecnologia Ltda (SP - BR) ind.	100.00%	Dec 2006	163		June - Sept 2006	163	-	-	-
- Tipic Inc (NY - USA) ind.	100.00%	Nov - Dec 2006	1	-	-	-	-	-	-

* Company sold on July 4, 2006, only the income statement consolidated for the first 6 months of the year.
** DadaMobile Inc changed its name to Dada USA Inc.
*** Company not operative at December 31, 2006
**** Company controlled indirectly through Cotei SL

Main accounting principles

Business combinations and goodwill

Business combinations are recorded using the purchase method.

The cost of the business combination is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group, in exchange for control of the company acquired, plus any costs directly attributable to the business combination. The cost method requires the recording at fair value of the identifiable assets (including the intangible assets previously not recognised) and the identifiable liabilities (including the contingent liabilities and excluding future restructuring) of the enterprise acquired.

The goodwill acquired in a business combination is initially recorded at cost represented by the excess of the purchase price compared to the Group's share of the fair value of the identifiable assets, liabilities and contingent liabilities (from the purchase). If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is immediately recognised in the income statement. The application of the purchase method provides for a first phase which provisionally determines the fair values of the assets, liabilities and contingent liabilities to permit an initial recording of the operation in the consolidated financial statements. This initial recording is completed and adjusted within 12 months from the acquisition date. Goodwill is recognised as an asset and reviewed annually to verify that there has been no loss in value. The losses in value are recognised immediately in the income statement. At the end of the analysis, the goodwill acquired in a business combination is allocated, at the date of acquisition, to the individual Group cash-generating units, or to the group of cash-generating units which should benefit from the synergies of the business combination, independently of the fact that other assets or liabilities of the Group are allocated to this unit or group of units. Each unit or group of units to which the goodwill is allocated:

- Represents the lowest level within the Group to which the goodwill is monitored at internal management level;
- Is not larger than the segment identified on the basis of either the primary or secondary presentation of the Group's segment information, determined in accordance with IAS 14 segment information.

When the goodwill constitutes part of a cash-generating unit (group of cash-generation units) and part of the internal activities of this unit are sold, the goodwill associated with the activity sold is included in the book value of the activity to determine the gain or loss deriving from the sale. The goodwill sold in these circumstances is measured on the basis of the relative values of the activities sold and of the portion of the units maintained.

When the sale relates to a subsidiary company, the difference between the sales price and the net assets plus the accumulated translation differences and the goodwill not amortised is recorded in the income statement.

Non-current assets held for sale

The non-current assets (and group of assets for sale) classified as held for sale are measured at the lower of the previous carrying value and market value, net of the costs to sell.

The non-current assets (and group of assets for sale) are classified as held for sale when it is expected that their carrying value will be recovered through a sales operation instead of in their utilisation in the operations of the business. This condition is applicable only when the sale is highly probable, the asset (or group of assets) is available for immediate sale in its current conditions and the management has undertaken a commitment to sell, which should take place within 12 months from the date of classification of this account.

Intangible assets

The intangible assets acquired separately are initially capitalised at cost, while those purchased through business combinations are capitalised at fair value defined at the acquisition date. After initial recognition, the intangible assets are recorded at cost less accumulated amortisation and any loss in value. The intangible assets produced internally, with the exception of development costs, are not capitalised and are recognised in the income statement in the year incurred. The useful life of the intangible assets are measured as definite.

The definite intangible assets are amortised over the useful life of the asset and verified for any indications of a possible loss in value. The period and method of amortisation applied is reviewed at the end of each year or more frequently if necessary. Changes in the expected useful life or of the manner in which the future economic benefits related to the intangible assets are received by the Group are recorded amending the period and method of amortisation, and treated as changes in the accounting estimates. The amortisation of definite intangible assets is recorded in the income statement under the category of costs relating to intangible assets.

Research and development costs

The research costs are recognised in the income statement in the period in which they are incurred. The development costs incurred in relation to a specific project are capitalised only when the Group can demonstrate that it is possible to complete the intangible asset in order to make it available for use or sale, its intention to complete this asset for use or sale, the manner in which it will generate probable future economic benefits, the availability of technical, financial and other resources in order to complete the development and its capacity to evaluate in a reliable manner the cost attributable to the activity during its development.

During the development period, the asset is reviewed annually in order to determine any loss in value. Subsequent to the initial recording, the development costs are valued at cost less amortisation or accumulated loss. Amortisation begins when the development is completed and the asset is available for use. Amortisation is made with reference to the period in which it is expected the related project will generate revenues for the Group. During the period, the asset is no longer in use, it is reviewed annually in order to determine any loss in value.

Other intangible assets

They are initially recognised at purchase cost and are amortised on a straight line basis over their expected useful life. Reference should be made to the accounting policy relating to the loss in value and impairment test.

The gains and losses deriving from the disposal of an intangible asset is measured as the difference between the net sales revenue from the disposal and the carrying value of the intangible asset and recorded in the income statement when the asset is sold.

Other tangible assets

The other tangible assets, plant, machinery and equipment are recognised at purchase or production cost, net of accumulated depreciation and any write-down for loss in value. Cost includes any related charges and direct and indirect costs reasonably attributable to the asset.

Tangible assets are depreciated each year on a straight line basis reflecting the estimated useful life of the asset applying the following percentages:

- Equipment and EDP: 20%
- Furniture and fittings: 12%
- Ordinary office machines: 12%

A tangible asset is eliminated from the financial statements when the asset is sold or when no expected economic benefits exist from its use or disposal. Any gains or losses are included in the income statement in the year of its disposal. The residual value of the asset, the useful life and the depreciation methods applied are reviewed on an annual basis and adjusted if necessary at the end of each year.

Investments in associated companies

The Group investments in associated companies are measured under the net equity method. An associated company is one in which the Group exercises significant influence and is not classifiable as a subsidiary or joint venture.

For purposes of the net equity method, a share in an associated company is recorded in the balance sheet at cost, increased by changes, subsequent to acquisition, in the Group's share of the associate's net equity. Goodwill pertaining to the associate is included in the book value of the share, and is not subject to amortisation. After application of the net equity method, the Group decides if it necessary to record any losses in added value referring to the Group's net share in the associate. The income statement reflects the Group's share of the associate's result for the period. If an associated company records adjustments with direct charge to net equity, the Group records its share and records this (where applicable) in the schedule of changes in net equity. Gains and losses deriving from transactions between the Group and associated companies are eliminated in proportion to the investment held in the associated company.

The closing date of associates' accounts is aligned with that of the Group. The accounting standards used conform to those used by the Group for transactions and events of the same type and under similar circumstances.

Loss in value ("Impairment")

At each balance sheet date, the Group reviews the carrying value of its intangible and tangible assets to determine if there are indications that these assets have incurred a loss in value. When it is determined that a potential loss exists, the Directors make valuations on the recoverable amount of those assets in order to identify the potential amount of the loss. Where it is not possible to make an estimate of the recoverable amount of an asset individually, the Company makes an estimate of the recoverable amount of the cash-generating unit the asset belongs to.

The indefinite intangible assets (including goodwill) and the investments, are verified annually and whenever there is an indication of a possible loss in value in order to determine whether loss in value has occurred.

The recoverable amount is the higher of its fair value less costs to sell and its value in use. The recoverable value is determined by single asset except when this asset generates cash flows which are not sufficiently independent from other assets or groups of assets. If the carrying value of an asset is higher than its recoverable value, this asset has incurred a loss in value and the loss in value is consequently recorded in the income statement. In the calculation of the value in use, the estimated future cash flows are discounted on a pre-tax basis that reflects the market assessment of the time value of money and the risks specific to the asset.

If there is an indication that an impairment loss recognised for an asset other than goodwill may no longer exist or may have decreased, the carrying amount of the asset (or of the cash-generating unit), shall be increased to its recoverable amount, but shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. The restated values are immediately recognised in the income statement.

Inventories

The inventory relates to work in progress on contracts in progress at the balance sheet date. The valuation of the contracts is made in accordance with the percentage of completion method.

Receivables

The receivables are measured at nominal value and reduced to net realisable value through the recording of a specific allowance for doubtful debts. Such provisions are calculated on the basis of an assessment of recoverability, carried out through analysis of individual positions and overall degree of risk taking into account guarantees and existing insurance covers.

Receivables due beyond one year, non-interest bearing or which mature interest below lower market rates are discounted using market rates.

Financial assets

The financial assets are recognised and unrecognised from the financial statements on the basis of the trading date and are initially measured at cost, including the transaction costs.

After initial recognition, the financial assets that Dada S.p.A. has the positive intention and ability to hold to maturity (securities held to maturity) are stated at amortised cost using the effective interest method, net of write-downs to reflect losses in value.

The financial assets other than those held to maturity are classified as held for trading or available-for-sale, and are measured at the end of each period at fair value. When the financial assets are held for trading, the gains and losses deriving from the changes in the fair value are recognised in the income statement in the period; for the financial assets available-for-sale, the gains and losses deriving from the changes in the fair value are recognised directly to equity until they are sold or have incurred a loss in value; at that moment, the total gains and losses previously recorded under equity are recognised in the income statement of the period.

Cash and cash equivalents

The account relating to the cash and cash equivalents includes cash, bank current accounts and deposits repayable on demand and other highly liquid short-term financial investments readily convertible into cash and that do not have a significant risk in the change in value. They are recorded at their nominal value. For the purposes of the consolidated cash flow statement, cash and cash equivalents are recorded as available funds, as defined above, net of bank overdrafts.

Payables

Payables are recognised at their nominal value.

Bank loans

The interest bearing bank loans and overdrafts are recognised based on the amounts received, net of the cost of the operation and subsequently valued at amortised cost, using the effective interest rate method.

Instruments representative of shareholders' equity

Instruments representative of shareholders' equity issued by the Company are recognised based on the amount received, net of the direct issuing costs.

Provisions and funds for risks and charges

The provisions are recorded in the financial statements when the Company has a present obligation resulting from a past event and it is probable that the obligation must be met. The provisions are measured on the basis of the best estimate of the costs required to meet the obligation at the balance sheet date and are discounted when the effect is significant.

Operations in foreign currencies

The consolidated financial statements are presented in Euro, which is the company's operative currency. Each Group company decides the operative currency to be used to value the accounts in the financial statements. Transactions in foreign currency are initially recorded at the exchange rate (referred to the operative currency) at the transaction date. Monetary assets and liabilities in foreign currency are translated to the operative currency at the exchange rate at the balance sheet date.

All the exchange differences are recorded in the income statement, with the exception of the differences deriving from loans in foreign currencies to hedge a net investment in a foreign entity, which are recorded directly in equity until the net investment is sold, which are then recognised in the income statement. The deferred taxes attributable to exchange differences on these loans is also recorded directly in equity. Non-monetary taxes valued at historical cost in foreign currency are translated by using the exchange rates in effect on the date the transaction was initially recorded. Non-monetary items recorded at fair market value in foreign currency are translated by using the exchange rate on the date the value was calculated.

Revenue recognition

Revenues are recorded in accordance with the probability that the Group will receive economic benefits and the amount can be determined reliably. The revenues are measured at the fair value of the amount received, excluding discounts, premiums or other sales taxes. The following criteria are used for the recording of revenues in the income statement:

Sale of goods
The revenues are recognised when the company has transferred all of the significant risks and rewards connected to the ownership of the asset to the acquirer, generally on the shipping date of the goods.

Services
The revenues deriving from services are recognised on the provision of the service. When they relate to projects, the revenues are measured in proportion to the hours worked compared to the estimated hours on each contract. When the outcome of the contract cannot be measured reliably, the revenues must be recognised only to the extent that the costs recognised will be recoverable.

Interest
Amounts are recorded as financial income in relation to interest income matured (using the effective interest method which is the rate that precisely discounts the expected future cash flows based on the expected life of the financial instrument to the net book value of the financial asset).

Dividends
Revenues are recorded when the right of the shareholders to receive the payment arises.

Pension provision and other post service benefits

These provisions and benefits are not financed. The expected cost of defined benefit plans are determined separately for each plan using the projected unit credit actuarial method. The gains and losses deriving from the actuarial calculation are recorded in the income statement as cost or income. These gains or losses are recorded on the basis of the average residual working life expected of the employees of the plan.

The pension costs relating to previous employment (past service cost) is recorded as a cost on a straight-line basis on the average maturity period of the benefit. If the benefits mature immediately after the introduction or the change of the plan, the pension cost relating to past services is recorded immediately.

The assets or liabilities relating to the benefits defined include the current value of the defined benefit obligations less any pension costs relating to past services not yet recorded less the fair value of the assets to service the plan which will directly settle the obligations. The value of any asset is limited to the aggregate of any cost for past services not yet recorded and the current value of any financial benefit in the form of repayment from the plan or reduction in future contributions to the plan.

Share-based payments (stock options)

Operations settled with securities.

The cost of the operations with employees settled with securities for benefits granted after November 7, 2002 is measured with reference to the fair value at the assignment date. Fair value is calculated by an independent assessor using an appropriate valuation method. For further information, reference should be made to the note relating to stock options.

The cost of the operations settled with securities, together with the corresponding increase in the net equity, is recorded in the period when the conditions relating to the reaching of the objectives and/or provision of the services are satisfied, and terminate at the date when the employees concerned have fully matured the right to receive the compensation ("maturity date"). The cumulative costs relating to these operations at each balance sheet date until the maturity date are compared to the maturity date and to the best estimates available of the number of participating instruments which will effectively mature. The cost or revenue recorded in the income statement for the year represents the change of the cumulative cost recorded at the beginning and at the end of the year.

The probability of exercise was defined on the basis of an estimate by management, taking into account the effects of the non-transferability of the shares, of the returns in the year and considerations on the behaviour of the assignees.

No cost is recorded for the rights which have no definitive maturity, except in the case of rights whose assignment is subject to market conditions, which are treated as if they independently mature from the fact that the market conditions to which they are subject are complied with, provided that all the other conditions are satisfied.

If the initial conditions are modified, a cost should be recorded assuming that these conditions are unchanged. In addition, a cost will be recorded for all changes which result in an increase in the total fair value of the payment plan, or which is in any case are favourable for employees; this cost is measured with reference to the date of the change.

If the rights are cancelled, they are treated as if they matured at the cancellation date and any costs not yet recorded against these rights are recorded immediately. However, if a right cancelled is replaced by a new right and this is recognised as a situation at the date on which granted, the right cancelled and the new right are treated as if it is a change to the original right, as described in the previous paragraph.

The effect of the dilution of the operations not yet exercised is reflected in the calculation of the diluted earnings per share (see note 7).

Income taxes

Current income taxes

Current income taxes are valued at the amount expected to be paid to the tax authorities. The tax rates and regulations used to calculate such amounts are those issued or substantially issued as of the closing date of the financial statement.

Current income taxes relating to items recorded directly in equity are charged directly to net equity and not to the income statement.

Deferred income taxes

Deferred taxes are calculated using the liability method on temporary differences between values used for fiscal purposes and the assets and liabilities reported in the financial statements.

The deferred tax liabilities are recorded against all temporary taxable differences, with the exception of:

when the deferred tax liability derives from the initial recording of goodwill or of an asset or liability in a transaction which is not a business combination and that, at the time of the transaction, has had no effect on the profits for the year calculated in the accounts or on the profit or loss calculated for tax purposes;

with reference to temporary taxable differences associated to investments in subsidiaries, associated companies and joint ventures, where the temporary differences can be controlled and it is probable that they will not materialise in the foreseeable future.

Deferred tax assets are recorded against all temporary deductible differences and for the fiscal assets and liabilities carried forward, within the limit of the probable existence of adequate future fiscal profits which will result in the utilisation of the temporary deductible differences and of the fiscal assets and liabilities carried forward, except in the case where:

the deferred tax assets relate to the temporary differences deriving 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, has no effects on the year's profit calculated for the purposes of the financial statements or on profit or loss calculated for tax purposes;

with reference to temporary taxable differences associated to investments in subsidiaries, associated companies and joint ventures, deferred tax assets are recognised only when it is probable that the temporary deductible differences will reverse in the immediate future and that there are will be adequate fiscal profits against which the temporary differences can be utilised.

Deferred tax assets and liabilities are compensated when there is a legal right to compensate the tax assets and liabilities and when they refer to income taxes due to the same fiscal authority and the Group intends to pay the amount on a net basis.

Earnings per share

The earning per share is calculated dividing the profit or loss attributable to the shareholders of the Parent Company by the weighted average ordinary shares outstanding during the period referred to. The diluted earnings per share is calculated dividing the profit or the loss attributable to the shareholders of the Parent Company by the average weighted number of shares outstanding, taking into account the effects of all the potential ordinary shares with dilution effects (stock option plans to employees).

Use of estimates

The preparation of the financial statements and the relative notes in application of IFRS require that management make estimates and assumptions on the values of the assets and liabilities in the financial statements and on the disclosures relating to the assets and contingent liabilities at the balance sheet date. The actual results may vary from such estimates. The estimates are used to value the intangible and tangible assets subject to impairment tests as described above in addition to record provisions for risks on receivables, inventory obsolescence, amortisation and depreciation, write-down of assets, employee benefits and income taxes. The estimates and assumptions are reviewed periodically and the effects of all variations are immediately recognised in the income statement.

Transactions with group and related companies

The transactions with group and related companies are reported in the notes (note 23).

Seasonal activities

The principal activities of the Dada Group are not impacted by seasonal factors which could influence the current results.

Change of accounting standards

The accounting standards adopted are in line with those of the previous year with the exception of the following new and revised IFRS standards and IFRIC interpretations. The adoption of these revised standards and interpretations had no effect on the financial statements of the Group, however some of them gave rise to additional disclosures.

IFRS 6 – Exploration for and Evaluation of Mineral Resources
The standard is not applied to the activities of the Group.

IFRIC 4 – Determining whether an Arrangement contains a Lease
The Group adopted from January 1, 2006, the interpretation IFRIC 4, which provides indications to establish whether a contract contains a lease. This change in the accounting principles did not generate significant impacts on the Group at December 31, 2006 or at December 31, 2005.

IFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
The standard is not applied to the activities of the Group.

IFRIC 6 - Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
The standard is not applied to the activities of the Group.

<u>Amendments</u>

IAS 19 Employee Benefits
From January 1, 2006, the Group adopted the amendments to IAS 19 and has consequently increased the disclosures relating to the performance of the assets and liabilities related to defined benefit plans as well as the assumptions relating to the cost components of these plans. The change to the accounting standard resulted in the introduction of additional disclosures for the years ended December 31, 2006 and 2005, but did not have any impact on the measurement and recognition, as the Group did not apply the new option which permits the recognition of actuarial gains and losses in an equity reserve.

IAS 21 (revised) The Effects of Changes in Foreign Exchange Rates
From January 1, 2006, the Group has adopted the changes to IAS 21. Consequently, all exchange differences deriving from a monetary item which constitutes part of a net investment in a foreign operation is recognised, in the consolidated financial statements, as a separate equity reserve, independent from the currency in which the monetary item is denominated This change did not have significant effects at December 31, 2006 or at December 31, 2005.

IAS 39 The fair value option
IAS 39 was amended to limit the recourse to the option to designate any financial asset or financial liability measured at fair value with the differences recorded in the income statement. The group did not previously utilise this option and therefore the change had no effect on the financial statements.

IAS 39 Hedging of highly probable future intra-group operations

IAS 39 was amended in order to allow the foreign exchange risk relating to a highly probable future infra-group transaction to qualify as a cash flow hedge, provided that the transaction is in a different currency from the operational currency of the company involved in the transaction and that the exchange risk will generate an impact on the consolidated financial statements. As the Group currently does not have this type of transaction, the change had no effect on the financial statements.

IAS 39 – Financial Instruments: Measurement and recognition and IFRS 4 Changes to Insurance Contracts

The standard does not apply to the activities of the Group.

The Group chose not to apply in advance the following IFRS standards and IFRIC Interpretations, published but not compulsory at December 31, 2006:

IFRS 7 – Financial Instruments: Disclosures

Requires disclosure which permits the readers of the financial statements to assess the importance of Group financial instruments and the nature of the related risks to those financial instruments.

IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies

The standard does not apply to the activities of the Group.

IFRIC 8 – Scope of IFRS 2

The interpretation clarifies some aspects of IFRS 2 (Share-based payments).

Amendments

IAS 1 Presentation of Financial Statements

This change requires that the Group provides new disclosures which permits the readers of the financial statements to assess the objectives, policies and procedures of the Group with reference to the management of capital.

3. BUSINESS COMBINATIONS

Acquisition of Nominalia S.A.

On August 4, the Group through the subsidiary Register.it S.p.A, completed the agreement for the acquisition of Nominalia S.L. The acquisition of 100% of the investment will be made in three tranches.

At the first closing of August 4, 2006, Register.it acquired 66% of Cotei S.L. – the holding company which owns as its sole asset 75% of the share capital of Nominalia – therefore acquiring 50.1% of Nominalia for a total payment of Euro 2.6 million, paid half in cash at closing and the rest to be paid in 3 equal quarterly instalments.

The value of the identifiable assets and liabilities of Cotei/Nominalia at the acquisition date was as follows:

Description	Value of the acquisition
Intangible assets	84
Property, plant and equipment	201
Financial assets	36
Cash and cash equivalents	1,001
Trade receivables	157
Other receivables	2,143
Trade payables	- 580
Other payables	- 3,847
Provisions for risks and charges	- 60
Total net assets	**- 865**
Share of net assets	**- 433**
Goodwill of the acquisition	**3,220**
Total cost	**2,787**

Costs related to the acquisition	183
Payments	- 2,167
Net liquidity of the subsidiary	1,001
Net liquidity utilised	**- 1,166**
Residual payable due	**620**

From the acquisition date, the company contributed sales of Euro 1,972 thousand to Group consolidated sales, while the net result for the period was a profit Euro 14 thousand.

Acquisition of UPOC Networks Inc.

On August 5, 2006, the Group through the subsidiary Dada USA Inc., formalised the agreement for the acquisition of the company Upoc Networks Inc, an experienced player in the US market for Internet and mobile added value services.

The acquisition of Upoc was made through Dada Mobile Inc. for a cash payment totalling USD 7 million (equal to approximately Euro 5.5 million) from Group funds and was paid in one single tranche on the transfer of the shares representing the equivalent of over 90% of the ordinary share capital, while the remaining shares was transferred subsequently.

The value of the identifiable assets and liabilities of Upoc Networks Inc. at the acquisition date was as follows:

Description	Value of the acquisition
Intangible assets	5
Property, plant and equipment	203
Financial assets	27
Cash and cash equivalents	35
Trade receivables	562
Other receivables	198
	-
Trade payables	- 444
Other payables	- 783
Provisions for risks and charges	- 78
Total net assets	**- 275**
Goodwill of the acquisition	**6,008**
Total cost	**5,733**

Costs related to the acquisition		435
Payments		- 5,733
Net liquidity of the subsidiary		35
Net liquidity utilised	**- 5,698**	

From the acquisition date, the company contributed sales of Euro 791 thousand to Group consolidated sales, while the net result for the period was a loss of Euro 300 thousand.

Acquisition of Tipic Inc.

On October 12, the Group through the subsidiary Dada USA Inc., formalised the agreement for the acquisition of 100% of the company Tipic Inc.

The acquisition of 100% of the share capital of Tipic Inc. by DADA US Inc. was for a total cash payment of Euro 4.5 million, 35% payable initially and the balance within 12 months.

The value of the identifiable assets and liabilities of Tipic Inc. at the acquisition date was as follows:

Description	Value of the acquisition
Intangible assets	3
Property, plant and equipment	38
Financial assets	
Cash and cash equivalents	12
Trade receivables	22
Other receivables	
Trade payables	- 5
Other payables	- 88
Provisions for risks and charges	
Total net assets	**- 18**
Share of net assets	**- 18**
Goodwill of the acquisition	**4,500**
Total cost	**4,482**

Costs related to the acquisition	35
Payments	- 1,575
Net liquidity of the subsidiary	12
Net liquidity utilised	**- 1,563**
Residual payable due	**2,907**

From the acquisition date, the company contributed Euro 5 thousand to Group consolidated sales, while the net result for the period was break-even.

4. SEGMENT INFORMATION OF THE GROUP AS PER IAS 14

(Amounts expressed in Euro/thousand)

The DADA Group's primary disclosure of information is by Business Units.

The Business Units of the DADA Group are comprised of the Consumer Division, the Business Division and the Self-Provisioning Division.

Two of these Divisions - Consumer Services and Business Services - are managed by the Parent Company, while Register.it and Cotei/Nominalia SL operate in the Self-Provisioning Segment.

The Consumer Division also includes Dadamobile S.p.A. and Clarence S.r.l, Dada USA Inc, Upoc Inc and Tipic Inc, while Softec S.p.A. and Planetcom S.p.A. are part of the Business Division. The company Planet Com S.p.A. was consolidated at income statement level for the first six months of 2006, as the company was sold at the beginning of July.

The following divisional income statements take into account the costs and revenues of each segment.

The share of general expenses and overhead amortisation and depreciation is not allocated to the individual divisions, but only allocated at consolidated level ("corporate depreciation and amortisation" and "general expenses not allocated" accounts). In addition, write-downs, extraordinary items and income taxes are not included in the divisional results.

The segment costs and revenues are considered before infra-divisional balances, which are eliminated in the consolidation process (column "adjustments" of the tables).

The secondary segment was determined as two geographic areas.

For further information, reference should be made to the Directors' Report on operations.

Segment Income Statement for the year 2006

(12 Months)					
Segment information	Consumer Services	Business Services	Self-Prov. Services	Adjust.	Consolidated
Revenues- third parties Italy	48,362	10,663	8,862	0	67,887
Revenues - third parties Foreign	41,570		1,979		43,548
Revenues- inter-sector	174	616	311	-1,101	0
Net revenues	**90,106**	**11,279**	**11,152**	**-1,101**	**111,435**
Increases internal work	2,917	104	526		3,547
Services	-71,259	-7,143	-5,455	1,101	-82,756
Personnel costs	-8,601	-3,020	-2,989		-14,610
Amortisation and depreciation	-2,279	-477	-884		-3,640
Segment Ebitda	**10,884**	**742**	**2,350**	**0**	**13,976**
Segment Ebit / Sales					

Corporate depreciation & amortisation	-340
General expenses not allocated	-2,850
EBIT	**10,785**
Financing activities	1,114
Profit before taxes	**11,899**
Income taxes	697
Net profit for the year	**12,596**
Minority interest share	-141
Group net profit	**12,455**

Segment Income Statement for the year 2005

(12 Months)					
Segment information	Consumer Services	Business Services	Self-Prov. Services	Adjust.	Consolidated
Revenues- third parties Italy	42,032	15,111	6,944	0	64,088
Revenues - third parties Foreign	5,811	0	0	0	5,811
Revenues- inter-sector	467	1,166	263	-1,896	0
Net revenues	**48,310**	**16,277**	**7,207**	**-1,896**	**69,898**
Increases internal work	1,300	156	371		1,827
Services	-35,452	-10,679	-2,880	1,896	-47,114
Personnel costs	-4,552	-3,977	-1,930		-10,459
Amortisation and depreciation	-1,945	-496	-617		-3,058
Segment Ebitda	**7,661**	**1,281**	**2,152**	**0**	**11,093**
Segment Ebit / Sales					
		Corporate depreciation & amortisation			-221
		General expenses not allocated			-2,897
		EBIT			**7,975**
		Financing activities			-14
		Profit before taxes			**7,961**
		Income taxes			-677
		Net profit for the year			**7,284**
		Minority interest share			-62
		Group net profit			**7,222**

Breakdown of revenues of the DADA Group by Geographic Area

31/12/2006 (12 months)

Description	Revenues Italy	Revenues Overseas	Eliminations/ Adjustments	Total
Consumer Services	48,536	41,570	- 174	89,932
Business Services	11,279		- 616	10,663
Self Provisioning Services	9,173	1,979	- 311	10,841
Revenues by sector	**68,988**	**43,548**	**- 1,101**	**111,435**
Inter-divisional revenues	- 1,101	-		
Net revenues	**67,887**	**43,548**		**111,435**

31/12/2005 (12 months)

Description	Revenues Italy	Revenues Overseas	Eliminations/ Adjustments	Total
Consumer Services	42,499	5,811	- 467	47,843
Business Services	16,277		- 1,166	15,111
Self Provisioning Services	7,207		- 263	6,944
Revenues by sector	**65,983**	**5,811**	**- 1,896**	**69,898**
Inter-divisional revenues	- 1,896	-		
Net revenues	**64,087**	**5,811**		**69,898**

Breakdown of quarterly sales of the DADA Group by Geographic Area

31/12/2006 (3 months)

Description	Revenues Italy	Revenues Overseas	Eliminations/ Adjustments	Total
Consumer Services	14,969	11,420	- 23	26,366
Business Services	1,527		- 141	1,386
Self Provisioning Services	2,581	1,193	- 214	3,560
Revenues by sector	**19,077**	**12,612**	**- 378**	**31,311**
Inter-divisional revenues	-378	-		
Net revenues	**18,699**	**12,612**		**31,311**

31/12/2005 (3 months)

Description	Revenues Italy	Revenues Overseas	Eliminations/ Adjustments	Total
Consumer	14,191	3,490	- 90	17,591
Business	4,209	-	- 225	3,984
Self Provisioning	1,997		- 51	1,946
Revenues by sector	**20,397**	**3,490**	**- 366**	**23,521**
Inter-divisional revenues	- 366	-		
Net revenues	**20,031**	**3,490**		**23,521**

Breakdown of assets and liabilities by business sector at December 31, 2006

31/12/2006					
Segment information	Consumer Services	Business Services	Self-Prov. Services	Corporate	TOTAL
Segment assets	65,481	5,007	16,491	1,002,00	87,980
Equity investments in associated companies	825				825
Assets not allocated					26,209
TOTAL ASSETS	**66,306**	**5,007**	**16,491**	**1,002**	**115,014**
Segment liabilities	35,231	2,661	12,647	1,603	52,142
Liabilities not allocated					8,534
TOTAL LIABILIITES	**35,231**	**2,661**	**12,647**	**1,603**	**60,676**
Other information					
Provisions		36			36
Employee leaving indemnity provision	324	114,00	110,00		548
Amortisation of intangible assets	1,504	315	583		2,402
Depreciation of tangible assets	775	162	301		1,238
Write-down of fixed assets	0	0	0		0
Investments in tangible assets	1,793	383	0	857	3,033
Investments in intangible assets	14,781	197,00	4,657,00		19,635

Breakdown of assets and liabilities by business sector at December 31, 2005

31/12/2005					
Segment information	Consumer Services	Business Services	Self-Prov. Services	Corporate	TOTAL
Segment assets	26,858	9,970	11,665	747	49,240
Equity investments in associated companies		15			15
Assets not allocated					16,941
TOTAL ASSETS	**26,858**	**9,985**	**11,665**	**747**	**66,196**
Segment liabilities	18,618	5,094	6,142	872	30,726
Liabilities not allocated					2,481
TOTAL LIABILIITES	**18,618**	**5,094**	**6,142**	**872**	**33,207**
Other information					
Provisions	0	0	0		0
Employee leaving indemnity provision	155	172	79		406
Amortisation of intangible assets	1,362	347	432		2,141
Depreciation of tangible assets	584	149	185		917
Write-down of fixed assets					
Investments in tangible assets	860	255	685	206	2,006
Investments in intangible assets	1,750	153	3761		5,664

Breakdown of assets by Geographic Area at December 31, 2006 and December 31, 2005

31/12/2006			
Geographic area:	Italy	Overseas	TOTAL
Segment assets	55,396	32,58	87,980
Equity investments in associated companies	825		825
Assets not allocated			26,209
TOTAL ASSETS	**56,221**	**32,584**	**115,014**
Other information			
Investments in tangible assets	2,815	218	3,033
Investments in intangible assets	8,990	10,645	19,635

			31/12/2005
Geographic area:	Italy	Overseas	TOTAL
Segment assets	42,908	6,347	49,255
Equity investments in associated companies			0
Assets not allocated			16,941
TOTAL ASSETS	**42,908**	**6,347**	**66,196**
Other information			
Investments in tangible assets	1,974	32	2,006
Investments in intangible assets	5,635	29	5,664

5. Other costs and revenues

5.1 Revenues

The table below reports the breakdown of revenues for the year 2006 compared to the previous year:

Description	2006		2005	
	Amount	%	Amount	%
Web Development Projects	7,256.46	6.51%	12,320.00	17.63%
Infrastructure Projects	2,760.57	2.48%	2,791.00	3.99%
Net Marketing	902.29	0.81%	707.00	1.01%
VAS Mobile Revenues	79,083.27	70.97%	39,378.00	56.34%
VAS Web Revenues	3,172.92	2.85%	2,729.00	3.90%
Mobile Management	1,183.94	1.06%	1,296.00	1.85%
Online Advertising	5,305.95	4.76%	2,332.00	3.34%
Connectivity	857.23	0.77%	1,401.00	2.00%
Other	85.57	0.08%	-	0.00%
Domains and Hosting	10,827.13	9.72%	6,944.00	9.93%
TOTAL	111,435.34		69,898.00	

Turnover increased throughout 2006 compared to 2005. The increase was particularly concentrated in the fee-based services of the Consumer division. For further information, reference should be made to the Directors' Report on operations. Reference should be made to the effects related to the change in the consolidation scope.

5.2 Other operating costs

The table below reports the breakdown of other operating costs for the year 2006 compared to the previous year:

Description	2006	2005	Change	Change %
Other taxes & duties deductible	26	51	-25	-49.02%
Other taxes & duties not deductible	55	36	19	52.78%
Other non-deductible costs	21	61	-40	-65.57%
Other operating charges		50	-50	-100.00%
Total	**102**	**198**	**-96**	**-48.48%**

The table below reports the breakdown of financial income for the year 2006 compared to the previous year:

Description	Balance at 31/12/06	Balance at 31/12/05	Change	Change %
Interest income from bonds	208	298	-90	-30.20%
Interest income from bank accounts	306	106	200	188.68%
Other interest income	7	6	1	16.67%
Gain on sale of investments	2,246	106	2,140	2018.87%
Total	**2,767**	**516**	**2,251**	**436.24%**

Financial income is comprised of the interest matured on bank accounts, interest matured on the bonds included in current assets and income deriving from gains on disposals and valuation of the investments in securities.

The gain of Euro 2.2 million relates to the sale of the investment Planetcom in July 2006 for a payment of Euro 2.5 million. This amount was fully received at the end of the year.

The table below reports the breakdown of financial charges for the year 2006 compared to the previous year:

Description	Balance at 31/12/06	Balance at 31/12/05	Change	Change %
Interest on current accounts	-81	54	-135	-250.00%
Interest on loans	-10	18	-28	-155.56%
Bank charges and commissions	-542	326	-868	-266.26%
Other charges	-8	12	-20	-166.67%
Exchange losses	-1,012	14	-1,026	-7328.57%
Total	**-1,653**	**424**	**-2,077**	**-489.86%**

Financial charges mainly comprise bank interest matured on bank current accounts, medium-long term financing and commissions on credit card receipts and other bank charges. The exchange losses arise from the consolidation of foreign subsidiaries.

5.4 Provisions and write-downs

The table below reports the breakdown of the provisions and write-downs for the year 2006 compared to the previous year:

Description	Balance at 31/12/06	Balance at 31/12/05	Change	Change %
Doubtful debt provision	-637	-730	93	-12.74%
Provisions for risks	-36	-142	106	-74.65%
Goodwill write-down		-280	280	-100.00%
Write-down in associated companies		-41	41	-100.00%
Other write-downs of fixed assets		-125	125	-100.00%
Total	**-673**	**-1,318**	**645**	**-48.94%**

For the write-down of receivables, reference should be made to note 15.

5.5 Amortisation and depreciation

The table below reports the breakdown of the amortisation and depreciation for the year 2006 compared to the previous year:

Description	Balance at 31/12/06	Balance at 31/12/05	Change	Change %
Depreciation of tangible assets	1,334	975	359	36.82%
Amortisation of development costs	1,970	1,665	305	18.32%
Amortisation of patents and trademarks	300	211	89	42.38%
Amortisation of other intangible assets	378	430	-52	-12.12%
Total	**3,982**	**3,281**	**701**	**21.38%**

The increases are entirely related to the higher investments in intangible and tangible fixed assets in the year. The change in the consolidation scope had no significant effect on this account.

5.6 Personnel costs

The table below reports the breakdown of personnel costs for the year 2006 compared to the previous year:

Description	Balance at 31/12/06	Balance at 31/12/2005	Change	Change %
Salaries and wages	11,548	7,996	3,552	44.42%
Social charges	3,072	2,395	677	28.27%
Employee leaving indemnities	570	465	105	22.58%
Others	-	10	-10	-100.00%
Total	**15,190**	**10,866**	**4,324**	**39.79%**

The national work contract applied is that for the commercial sector.

The employee leaving indemnity was calculated in accordance with the projected unit credit method. For further information, reference should be made to note 14.

The movements in personnel of the DADA Group are shown in the table below:

Description	Dec 31, 05	New entrants	Depart.	Other movements	Dec 31, 06	Average
Executives	4	2			6	5
White-collar	247	113	-31	38	367	307
Total	251	115	-31	38	373	312

The account other movements includes the variations related to the change in the consolidation scope. In particular, the deconsolidation of the company Planetcom S.p.A. resulted in a reduction of 32 employees, while the acquisitions of Upoc Inc., Tipic Inc. and Nominalia SA resulted in an increase of 70 employees.

5.7 Non-recurring income

Discontinued operations:

Planet.com (I/S 2006)

On July 4, 2006, the group formalised the sale of the full investment held in the company Planet.com S.p.A., a company specialised in judicial court auctions. The sale was to the company Asteimmobili.it S.p.A. for a cash payment of Euro 2.5 million, of which Euro 2 million paid on July 4, 2006 and the remainder on September 30, 2006. The Dada group recorded a gain of Euro 2,246 thousand from the sale, classified under investment income as shown in the following point and summarised on the face of the balance sheet. In the consolidated financial statements, at December 31, 2006, these amounts were consolidated for the first six months, as if this activity was included in the business segment.

The income statement and balance sheet effects were as follows:

Revenues of Euro 3,138 thousand (Euro 5,675 thousand in 2005), Ebitda of Euro 136 thousand (Euro 296 thousand in 2005), result from discontinued operations Euro 56 thousand (Euro 183 thousand in 2005) and gain from sale of discontinued operations Euro 2,209 thousand. The discontinued assets amounted to Euro 2,890 thousand, while the discontinued liabilities amounted to Euro 2,335 thousand.

The Company had a positive net financial position of Euro 736 thousand at the date of the disposal (Euro 662 thousand in 2005).

The effect on the basic earnings per share of the discontinued operations was 0.00351 (0.01156 in 2005), while the effect on the diluted earnings per share on the discontinued operations was 0.00329 (0.01124)

Ad Maiora (I/S 2005)

Similarly, in October 2005, the formalisation was completed of the sale of the investment in the subsidiary Ad Maiora S.p.A. (60% of the share capital). The sale was made for a value of Euro 1.3 million and generated a gain of Euro 576 thousand. In the consolidated financial statements, at December 31, 2005, these amounts were consolidated for the first 9 months, as if this activity was included in the business segment.

The income statement and balance sheet effects in 2005 were as follows:

Revenues of Euro 1,925 thousand, Ebitda of Euro 68 thousand, result from discontinued operations Euro 20 thousand and gain from sale of discontinued operations Euro 566 thousand.

The effect on the basic earnings per share of the discontinued operations was 0.00126 while the effect on the diluted earnings per share on the discontinued operations was 0.00122.

5.8 FINANCIAL RISKS

The Group's main financial instruments include short-term bank deposits on demand, bank loans and investments of liquidity in treasury and corporate bonds. The objective of such instruments is to finance Group operational activities. The Group has various other financial instruments, such as trade payables and receivables, deriving from operational activity.

Currently, the company does not utilise derivative instruments to manage exposure to foreign currency risks.

The DADA Group is exposed to various financial risks: Market risks (interest rate and exchange rate risks), liquidity risk and credit risk.

Interest rate risk

The Group's exposure to the risk of changes in market rates is principally related to the bank debt represented by bank overdrafts at variable interest rates, repayable on demand, against which the company has not subscribed any hedging contract.

Foreign currency risks

From the second half of 2006, in consideration of the investments made in the United States and the rapid growth of international turnover, the financial statements of the Group may be significantly affected by variations between the exchange rates of the Euro and the US Dollar.

The group also has exposure from foreign currency transactions in the US Dollar and the UK Sterling. This exposure results from sales or purchases in foreign currencies. Approximately 30% of the Group sales are denominated in currencies other than the currency utilised by the operating unit, while approximately 34% of the costs are denominated in foreign currencies (USD).

During the year 2006, the group did not undertake any hedging operations in relation to the foreign currency risk.

Liquidity risk

The liquidity risk is managed by the Group through the investment of liquidity in short term operations, such as insurance policies and bonds. In order to optimise the utilisation of the group liquidity, the parent company implemented a cash pool line with the subsidiaries Register.it Spa and Dadamobile Spa.

Utilisation of the short-term lines generally covers a minimal portion of the capital invested.

Credit risk

The exposure to the Group credit risk refers to trade and financial receivables. Given the particular type of business, a significant part of trade receivables is concentrated with a limited number of clients, principally telephone carriers. This type of clientele is characterised by a high credit rating.

In relation to the financial receivables, the investment operations of the liquidity are made only with high standing banks.

Price risk

The Group is not exposed to significant risks in relation to price fluctuations.

6. Income taxes

The table below reports the breakdown of income taxes for the year 2006, compared to the previous year:

Description	31/12/06	31/12/05	Change	Change %
IRAP	-1,102	-928	-174	18.75%
IRES	-3	-1,308	1,305	-99.77%
Deferred tax income	1,802	1,559	243	15.59%
Total	**697**	**-677**	**1,374**	**-202.95%**

The movements in deferred tax assets in 2006 are shown in the table below:

Description	Balance at 31/12/2005	Increase for the year	Utilisation in the year	Other movements	For. Exc.	Balance at 31/12/06
Deferred tax assets	4,829	3,984	-1,285	613	-60	8,081
Total	**4,829**	**3,984**	**-1,285**	**613**	**-60**	**8,081**

Deferred tax assets, recorded in the financial statements for Euro 8.1 million, originate from the temporary timing differences recoverable in the short-term relating to provisions made for write-downs on investments, doubtful debts and risks and charges, and all of the other temporary adjustments which will be recovered in future years (so-called "temporary difference"). In addition, deferred tax assets were recorded on the expected recovery of fiscal losses, as well as the temporary differences relating to the transitional adjustments to the international accounting standards.

In particular, the deferred tax assets on the fiscal losses carried forward amount to Euro 6,285 thousand.

The tax losses carried forward amount to approximately Euro 76 million, of which Euro 46 million are for an indefinite period.

The utilisations for the year relate to the fiscal charge for the year, while the increase was calculated on the basis of the recovery of the above mentioned items as resulting from the business plan of the individual companies of the group.

The account "other movements" includes the deferred tax assets related to the change in the consolidation scope during the year 2006. In particular, they relate to the losses matured in the company Nominalia SA for the period prior to the acquisition in July.

The deferred tax assets have been recorded, on a prudent basis, up to the amount for which there is reasonable certainty that they will be recovered.

The table below shows the reconciliation between the actual fiscal charge and the theoretical fiscal charge:

SCHEDULE OF RECONCILIATION BETWEEN THEORETICAL AND FISCAL CHARGE AS AT DECEMBER 31, 2006	
Profit before taxes	**11,898**
Theoretical tax charge	3,926
Permanent differences	-521
Temporary differences	-3,151
Difference in IAS temporary adjustments	
Effect of recovery of fiscal losses	-8,216
Assessable tax	10
Total current taxes	**3**
IRES - deferred tax income	**-1,802**
IRAP - current taxes	**1,102**
Total income taxes for the year	**-697**

The deferred tax assets and liabilities are shown below

	Income tax		
	Year 2006		
	Amount of temporary difference	**rate**	**Fiscal effect**
Deferred tax asset:			
Sales representatives expenses	74	33%	24
Bad debt provision not deductible	1,394	33%	460
Write-down of fixed assets		33%	-
Write-down in subsidiaries	1,914	33%	632
Deferred tax on IAS differences	289	33%	95
Amortisation of Trademarks	6	33%	2
Goodwill	1,117	33%	369
Exchange differences	407	33%	134
Exchange differences	579	37%	212
Total	**5,780**		**1,929**
Deferred tax asset relating to fiscal losses for prev. year	1,353	30%	406
Deferred tax asset relating to fiscal losses for prev. year	2,815	37%	1,033
Deferred tax asset relating to fiscal losses for prev. year	14,073	33%	4,644
Effect on accounts	**24,021**		**8,012**

	Regional tax		
	Year 2006		
	Amount of temporary difference	rate	Fiscal effect
Deferred tax asset:			
Deferred tax on IAS differences	490	4.25%	21
Goodwill amortisation	1,117	4.25%	47
Effect on accounts	**1,687**		**68**

Total deferred tax asset (IRAP +IRES)	**25,708**		**8,081**

It is also recalled that the DADA Group adhered to the tax consolidation regime, which includes, in addition to the Parent Company DADA S.p.A. (consolidating company), the subsidiary companies DadaMobile S.p.A., Clarence S.r.l. and Register.it S.p.A. (consolidated companies).

7. Earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to the ordinary shareholders of the parent company by the average weighted number of ordinary shares outstanding during the year. The diluted earnings per share is calculated by dividing the net profit attributable to the ordinary shareholders of the parent company by the average weighted number of ordinary shares outstanding during the year and the potential shares deriving from the exercise of all options outstanding.

Share results and information are shown below for the calculation of the basic and diluted earnings per share:

Euro/000 PROFITS	31/12/2006	31/12/2005
Profit for the calculation of the earnings per share	12,455	7,222
TOTAL	**12,455**	**7,222**

NUMBER OF SHARES	31/12/2006	31/12/2005
Number of shares for the calculation of the earnings per share	15,968,058	15,835,841
Dilution effect (options on shares)	1,068,780	441,408
TOTAL	**17,036,838**	**16,277,249**

There are no other operations on the ordinary shares or potential ordinary shares between the balance sheet date and the date of the preparation of the financial statements.

The Company did not deliberate or distribute any dividends in the period.

8. Plant and machinery

The movements in tangible assets in 2006 are shown in the table below:

Description	Values at 31/12/05	Increases	Decreases	Other movements	For. Exch.		Values at 31/12/06
EDP	2,912	2,254	-2	192	-3	-1,173	4,181
Furniture and fittings	306	107	-	-17	-	-91	305
Others	12	107	-	38	1	-70	88
Total	**3,229**	**2,468**	**-2**	**213**	**-2**	**-1,334**	**4,573**

The increase in the period is principally due to the purchase of a server for the internet and the installation of new equipment for the enlargement of the farm server, represented by servers, networking and storage systems.

The account "other movements" includes the effects related to the change in the consolidation scope and in particular to the sale of PlanetCom S.p.A. and to the acquisitions of the companies Nominalia SA, Upoc Inc. and Tipic Inc..

9. Intangible assets

The movements in intangible assets in 2006 are shown in the table below:

Description	Values at 31/12/05	Increases	Decreases	Other movements	For. Exch.		Values al 31/12/06
Goodwill	9,262	14,150	-	-		-	23,411
Total goodwill	9,262	14,150	-	-		-	23,411
Development expenses on products/services	3,315	3,547	-	-12	-6	-1,970	4,874
Concessions, licenses, trademarks	424	565	-	87		-300	776
Others	566	624	-	-40		-378	772
Total intangible assets	4,305	4,736	-	35		-2,648	6,422
Total	13,567	18,886	-	35		-2,648	29,833

In relation to the goodwill, reference should be made to note 10.

In relation to the composition of goodwill, reference should be made to note 11.

The "other movements" includes the variation related to the change in the consolidation scope and, in particular, the combined effect of the sale of the company PlanetCom S.p.A. and the acquisitions of the investments in, Upoc Inc., Tipic Inc. and Nominalia SA.

The increase in the "development expenses on products/services" refers to the capitalisation of the costs incurred for the development of the new products and services prevalently relating to the portals and Consumer Services. These assets relate to the portfolio of "Community & Entertainment" fee-based products and services via web and via mobile, through the single SMS numbers of the Operators.

In relation to this, expenses were incurred for Dada.net in the Consumer Division, and projects for the launch of the .eu domain and new shared hosting in the Self Provisioning Division.

Reference should be made to the information on the Consumer business described in the section on segment activities.

The capitalisation is made based on their future profitability and in accordance with the criteria established by international accounting standards.

Their recognition is supported by a careful evaluation in order to determine the future economic benefits connected to these services.

The amortisation is made on a straight-line basis over a period of 5 years.

The account "others" is prevalently comprised of the software acquired by the Group, expenses for the registration of the brands and licences which are amortised on a straight-line basis over five years.

10. Equity investments in non-consolidated subsidiaries, associated and other companies

The composition and movements of the investments in associated companies and non-consolidated subsidiary companies is shown in the table below:

Company	Head office	S.C. at 31/12/06	N.P at 31/12/05	Result 31/12/05	% held	Value in fin. stats.
Sailog Srl	Agrate Brianza (MI)	52	75	-14	ind. 100% 50%	43
Mediatec-mr Srl	Prato (PO)	30	20	-13	Ind. 33.33%	10
Media Dada Science & Development Co. Ltd	Beijing (China)	759			100%	759
Register Iberia SL	Barcelona (Spain)	3			100%	13
Total						**825**

The Company Media DADA Science & Development Co. Ltd with registered offices in Peking was incorporated on December 10, 2006. The Company was not operational at the balance sheet date.

The Company Register Iberia, incorporated in May 2006, was not operational at the balance sheet date. This company was then sold in 2007 by Register.it S.p.A. to Dadamonile S.p.A., remaining therefore within the Group, and changed the name of the company to DADA Iberia SA. Compared to December 31, 2005, the following differences took place:

The company Euclide Active Training Srl, held through the subsidiary Softec S.p.A., was fully written down in the financial statements at December 31, 2005.

The company Zucchetti-Planet Srl was incorporated in 2005 through the company Planet Com S.p.A., and was sold in July.

11. Verification of the loss in value of intangible assets and goodwill

The movements of the goodwill during the year 2006 is shown in the table below:

Company	Goodwill 31/12/2005	Increases	Decreases	Goodwill 31/12/2006
Register SpA	6,667	452		7,119
Softec S.p.A.	-	125		125
Clarence Srl	430			430
DadaMobile SpA	1,265			1,265
Upoc Inc		6,022		6,022
Nominalia SL		3,220		3,220
Tipic Inc		4,331		4,331
Merger deficit	899			899
Total	**9,261**	**14,150**		**23,411**

The increases relate to the acquisitions made by the DADA Group during 2006, for which reference should be made to the directors' report. The salient points are shown below:

- **Cotei/Nominalia SA:** on August 4, 2006, the agreement for the acquisition of 51% in the share capital of the company was completed with the payment of Euro 2.6 million. The completion of the acquisition will take place during 2007;
- **Upoc Inc.:** on August 4, 2006, the agreement for the acquisition of 100% in the share capital of the company was completed with the payment of Euro 5.5 million;
- **Tipic Inc.:** on October 12, 2006, the agreement for the acquisition of 100% in the share capital of the company was completed with the payment of Euro 4.5 million;
- **Register S.p.A.:** on July 10, 2006, the agreement was signed for the remaining 3% of the investment in the company for a total payment of Euro 0.6 million;

For the Companies acquired in 2006, a fairness opinion was obtained from independent consultants on the values of the acquisitions.

The impairment test is made on an annual basis on the preparation of the annual accounts. The recoverable value of the cash-generating units, to which the individual goodwill is allocated, is verified through the determination of the value in use.

In particular, for all of the companies in the Group, a valuation was made to verify the recovery of the investments by preparing financial and cash flow forecasts on the basis of the best information currently available and approved by the Board of Directors of the Parent Company and the subsidiary companies. These annual valuations are verified at the end of each periodic accounts through an analysis which verifies the absence of external and internal impairment indicators.

In particular, it is reported that:

- The value of the goodwill of the companies Register.it Spa and Nominalia SA were verified through the projected cash flow method contained in the three-year financial plans of each of the 2 companies belonging to the Self-Provisioning Division.

These plans were formulated commencing from the budgets of the individual companies and forecasting an annual growth rate of 5-7%. The discount rate utilised was equal to 10.54%;

- The value of the goodwill of the company Tipic Inc. was verified through the projected cash flow contained in the three-year consolidated financial plan of Dadamobile Spa, as this operation was undertaken for the development of the group in the "social networking" and so-called "user generated content" sector, which represents an activity already present in the range of services of Dada.net, through the site Life. This plan was formulated commencing from the budget relating to the sub-consolidated Dadamobile, forecasting an annual growth rate of 5-7%. The discount rate utilised was equal to 10.54%;

- The value of the goodwill of Upoc Networks Inc. was verified through the projected cash flow method contained in the three-year financial plan relating to the sub-consolidated Dada USA, in consideration of the operational integration between the two American companies. This plan was formulated commencing from the budget and forecasting an annual growth rate of 7%. The discount rate utilised was equal to 10.54%. The growth rates utilised represent the assumed growth rates by management based on their experience within the group in the existing markets. The verification made at December 31, 2006 confirmed that it was not necessary to make any changes to the values recorded in the accounts.

12. Other financial assets

The balance of financial assets is composed of :

Description	Balance at 31/12/06	Balance at 31/12/05	Change	Change %
Bonds	2,372	9,309	-6,937	-74.52%
Financial receivables	84	2,585	-2,501	-96.75%
Total	**2,456**	**11,894**	**-9,438**	**-79.35%**

The account "financial receivables" in 2005 includes a restricted bank account of Euro 2,500 thousand and relates to a guarantee received from a primary Credit Institution in relation to the purchase of the investment in Register.it S.p.A. during the previous year.

This deposit is no longer restricted following the payment of the final instalment of the plan.

The securities, which represent financial assets held for trading, consist of the investment of the liquidity of the Group. The investments relate to:

- structured bonds issued by the Dresdner Bank of Euro 0.5 million for a 3 year period, payable at 30 days notice. Guaranteed minimum return 2.5%;
- Top propensity investment of Euro 1.8 million; this relates to an insurance policy with an annual return of 2.2% net and payable on demand.

The short-term asset management bonds, recorded in the financial statements at December 31, 2005 for Euro 2.6 million, was sold on June 7, 2006 for a similar value;

The MPS Alternative Defensive funds, recorded in the financial statements at December 31, 2005 for an amount of Euro 4.3 million, were sold on March 30, 2006 for approximately Euro 4.4 million;

The income from the sale of the above securities was recorded in the account "financial income".

All of these investments are characterised by short-term payment on demand and low risk profile.

These securities are measured at market value (fair value), represented by the quotations obtained from the issuers.

13. Share-based payment plans

The share-based payments (Stock Options) are described in detail in the directors' report.

The salient features of the DADA Group plans at December 31, 2006 were as follows:

Salient features	Plan of 20/ 06/2005	Plan of 03/ 02/2006	Plan of 16/ 03/2006	Plan of 28/ 07/2006
Duration of plan	2006-2008	2009-2012	2007-2009	2009-2012
Total options issued	441,406	700,700	33,000	55,000
Total residual options at 31/ 12/2006	280,068	700,700	33,000	55,000
Value of issue	10.82	14.782	15.47	16.92

The data utilised in the valuation models of the four plans are shown below:

Data used for the valuations	Plan of 20/ 06/2006	Plan of 03/ 02/2006	Plan of 16/ 03/2006	Plan of 28/ 07/2006
Valuation Date	Issue of plan	Issue of plan	Issue of plan	Issue of plan
Model utilised	Binomial	Binomial	Binomial	Binomial
Percentage of annual exit	5%	5%	5%	5%
Expected volatility		23.50%	31-36%	29.07%
Interest rate without risk	Zero coupon on spot interest curve	Zero coupon on spot interest curve	Zero coupon on spot interest curve	Zero coupon on spot interest curve
Estimated dividends	nil	nil	nil	nil
Maturity conditions	none	90% Ebitda 2008	none	90% Ebitda 2008

The expected volatility reflects the assumptions that the historical volatility is indicative of future trends which may not coincide with the actual outcome.

The fair value of the plans is measured at the assignment date.

14. Pensions and other employee post service benefits

The movement of the employee leaving indemnity is shown in the table below:

Description	Balance at 31/12/ 2005	Increase for the year	Utilisation in the year	Other movements	Interest charge on liability	Balance at 31/12/2006
Employee leaving indemnity	1,455	570	-135	-106	6	1,790
Total	**1,455**	**570**	**-135**	**-106**	**6**	**1,790**

The provision at December 31, 2006 of Euro 1.79 thousand reflects the indemnity matured in favour of employees, in conformity with legislation and collective employment contracts.

The "other movements" includes the reduction related to the sale of Planet Com which was sold in July.

In accordance with international accounting standards, the obligation was calculated through the projected unit credit method which considers each employment period a source of an additional unit of benefit and separately measures each unit in order to calculate the final obligation.

This calculation was made by an independent actuary. The method used can be summarised in the following points:

- projection for each employee in service at December 31, 2006 of the employee leaving indemnity matured up to the estimated time of pension;
- determination for each employee in service at December 31, 2006 and for each year up to the estimated time of pension, the probable employee leaving indemnity payments which will be made by the Company in the case of the employee leaving due to redundancy, dismissal, resignation, death and pension;
- discounting, at the measurement date, of each probable payment;
- proportionately, for each employee in service at December 31, 2006, of the payments, estimated and discounted, based on the years matured at the measurement date compared to the years matured at the date of each probable payment.

In particular, the assumptions adopted were as follows:

DIRECTORS' REPORT	31/12/2006
Mortality table	SIM/F 1998
Reduction of mortality table	20.00%
Rate relating to advanced request by EXECUTIVES	1.00%
Rate relating to advanced request by EMPLOYEES	1.00%
Rate relating to advanced request by TRAINEES	0.00%
Growth rate of salaries of EXECUTIVES	4.00%
Growth rate of salaries of EMPLOYEES	3.50%
Growth rate of salaries of TRAINEES	2.10%
Future inflation rate	2.10%
Discount rate	4.10%
Rate relating to advance departure of EXECUTIVES	0.50%
Rate relating to advance departure of EMPLOYEES	4.00%
Rate relating to advance departure of TRAINEES	0.50%

15. Inventories

The balance of inventories consists of:

Description	Balance at 31/12/06	Balance at 31/12/05	Change	Change %
Work-in-progress	111	372	-261	-70%
Total	111	372	-261	-70%

The final inventories relate to the work in progress for projects not yet completed as at December 31, 2006. The criteria utilised for this measurement is the percentage of completion method.

16. Trade and other receivables

The balance of trade receivables consists of:

Description	Balance at 31/12/06	Balance at 31/12/05	Change	Change %
Trade receivables Italy	44,533	26,279	18,254	69%
Less: bad debt provision	-3,084	-2,780	-304	11%
Total	**41,449**	**23,500**	**17,950**	**76%**

The level of trade receivables is in line with Group operations in 2006. The average collection period for trade receivables is 120 days.

It is also recalled that a significant part of trade receivables is concentrated among a limited number of clients, principally telephone carriers.

Given the nature of the principal clients there was a general increase in the average collection period, against which these companies are characterised by high credit ratings.

The movement in the provision for doubtful debts is summarised in the following table:

Description	Balance at 31/12/2005	Increase for the year	Utilisation in the year	Other movements	Balance at 31/12/06
Bad debt provision	2,780	638	-412	78	3,084
Total	**2,780**	**638**	**-412**	**78**	**3,084**

The increase in the provision reflects the necessity to write-down, on a prudent basis, several positions which have arisen in the year as a consequence of the economic/financial difficulties of some clients.

The "other movements" includes the variation related to the change in the consolidation scope, and in particular the combined effect of the decrease of the provision for the sale of the company PlanetCom S.p.A. and the increase in the provision for the acquisitions of the companies Upoc Inc., Tipic Inc. and Nominalia SA.

The utilisations relate to positions closed in the year for which either recognition was made of the impossibility to recover the amount or a decision made relating to the settlement with the debtor.

The provision as at December 31, 2006 is considered adequate to meet the potential losses relating to the entirety of trade receivables.

There are no trade receivables due over one year for which it would be necessary to record a financial loss.

The Company estimates that the book value of trade and other receivables approximates their fair value.
There are no receivables over 5 years.

The table below shows the composition of other receivables:

Description	Balance at 31/12/06	Balance at 31/12/05	Change	Change %
Receivables from tax authorities	976	604	372	62%
Advances to suppliers	166	231	-65	-28%
Other receivables	1,468	1,003	465	46%
Accrued income	14,310	7,108	7,202	101%
Total	**16,920**	**8,946**	**7,974**	**89%**

The accrued income principally relates to the subscription services in the Consumer division, recording the revenues in the income statement on an accruals basis.
This accrued income is calculated on the basis of the historical LTV (life time value) of the users purchasing fee-based services. Prudently, this amount is estimated as not greater than 6 months (depending on the purchase period).
In addition, this account includes telephone carrier fees and domain registration costs of the Self Provisioning division.
The account 'other receivables' include deposits paid to the various authorities relating to the domain registration activity for a total amount of Euro 340 thousand.
Tax receivables include the payments on account for Irap regional tax and withholding taxes and other credits.

17. Cash and cash equivalents

The composition of the liquidity is shown in the table below:

Description	Balance at 31/12/06	Balance at 31/12/05	Change	Change %
Bank and postal deposits	10,482	11,869	-1,387	-11.69%
Cash and cash equivalents	49	8	41	512.50%
Total	10,531	11,877	-1,346	-11.33%

The balance represents the liquidity and cash balances at December 31, 2006.
The yield on bank deposits, prevalently relating to one Credit Institution, is equal to Euribor at three months –0.3.

The movement in this account was positively impacted by the disinvestment of the financial assets held which were present in the financial statements at the end of the previous year, and negatively impacted by the investment activity undertaken during the year. For further information, reference should be made to the Directors' Report on operations.

For further information relating to the liquidity movements in the year, reference should be made to the Directors' Report on operations and to the Cash Flow Statement.

18. Share capital and reserves

The share capital of Dada S.p.A at December 31, 2006 is made up of 15,968,058 ordinary shares, of a nominal value of Euro 0.17, for a total value of Euro 2,714 thousand. During the year, the share capital increased by Euro 22 thousand due to the subscription of the reserved share capital increase for employees of Dada S.p.A. (stock option plan).

The movements in net equity in the year are shown in the table at page 38.

Description	Amount	Possibility of utilisation	Distrib. portion	Summary of utilisations made in the three previous years	
				to cover losses	for other reasons
Share capital	2,715				
Capital reserves:					
Share premium reserve	29,493	A-B-C	29,493	31,670	
Extraordinary reserve	4,723	A-B-C	4,723		
Translation reserve	-64				
Other reserves	-27				
IAS reserve	-4,942				
Profit reserves:					
Legal reserves	538	B	538		
Total			34,754		
Non-distributable quota			538		
Residual quota distributable			**34,216**		

*** Possibility of utilisation:**
Legend:
A: for share capital increase
B: to cover losses
C: for distribution to shareholders

The reconciliation of the net result and net equity of the parent company, with the consolidated net result and net equity at December 31, 2006 is shown in the table below:

STATEMENT OF RECONCILIATION BETWEEN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY AND THE CONSOLIDATED FINANCIAL STATEMENTS

	December 31, 06			
	NET RESULT		NET EQUITY	
	Group	Third parties	Group	Third parties
As per Parent Company financial statements*	7,267		53,485	
IAS/IFRS adjustments	253		253	
Translation reserve			-64	
Exchange adjustments	10		10	
Net profit for subsidiaries	4,925		1,077	
Min. interest net equity and result		-141		-396
Other adjustments			-26	
As per consolidated financial statements	**12,455**	**-141**	**54,734**	**-396**

* It is recalled that the financial statements of the parent company DADA S.p.A. were prepared in accordance with IAS/IFRS international accounting standards. The transition document was approved together with the half-year report and to which reference should be made. Attached to the present financial statements, at page 123, we report the reconciliation between the statutory and IAS financial statements of DADA S.p.A. at December 31, 2005.

19. Loans and financing

The composition is shown in the following table:

Description	31/12/06	31/12/05	Change	Change %
Payables:				
Banks	244	934	-690	-73.88%
Other lenders	0	0	0	
Bank overdrafts and loans	244	934	-690	**-73.88%**
Others	0	30	-30	-100.00%
Other payables	0	30	-30	-100.00%
Total	**244**	**964**	**-720**	**-74.69%**

The bank payables relate to short-term loans of the DADA group.

Details of the loans of the DADA Group at December 31, 2006:

Company	Bank	Initial balance	Residual amount at 31/12/2006	Loan Duration	Rate
Dada SpA	Banca Toscana	1,200	*255	5 years	euribor 6 months + 0.60p
Softec SpA	Banca Toscana	1,500	244	5 years	euribor 6 months + 1.1p
Total		**2,700**	**499**		

* the DADA S.p.A. loan was classified as short-term as due within one year.

20. Provisions for risks and charges

The following table shows the movements in the year in the provisions for risks and charges:

Description	Balance at 31/12/2005	Increase for the year	Utilisation in the year	Other movements	Balance at 31/12/06
Provisions for risks and charges	836	36	-78	117	911
Total	**836**	**36**	**-78**	**117**	**911**

The provisions for risks and charges were created against probable liabilities arising from contractual and legal disputes.

The utilisations in the period relate to the settlement of disputes.

The increases relate to new disputes and litigation arising in the year.

The account "other movements" includes the provision for risks and charges related to the change in the consolidation scope during 2006. In particular, they relate to those matured at the companies Nominalia SA and Upoc Inc. for the period prior to the acquisitions, respectively in July and August.

The provision for risk and charges at December 31, 2006 consists of Euro 345 thousand for labour disputes and of Euro 466 thousand for disputes of an operational nature and Euro 100 thousand for other disputes.

No detailed information is given on the specific positions in order not to prejudice the outcome of the proceedings in course.

21. Trade and other payables

The composition of the payables is as follows:

Description	31/12/06	31/12/05	Change	Change %
Payables:				
Banks	1,213	734	479	65.26%
Bank overdrafts payable within one year	**1,213**	**734**	**479**	**65.26%**
Trade payables	37,809	22,371	15,438	69.01%
Ass. companies				
Trade payables	**37,809**	**22,371**	**15,438**	**69.01%**
Tax payables	3,043	1,940	1,103	56.86%
Tax payables	**3,043**	**1,940**	**1,103**	**56.86%**
Others	4,109	4,876	-767	-15.73%
Social security contributions	721	528	193	36.55%
Deferred income	10,836	4,561	6,275	137.58%
Other payables	**15,666**	**9,965**	**5,701**	**31.332**
Total	**57,731**	**35,010**	**22,721**	**64.90%**

"Bank payables" consist principally of bank overdrafts repayable on demand of Euro 969 thousand, and the short-term portion (repayable within one year) of bank loans amounting to Euro 255 thousand.

The account "trade payables" includes the amounts related to purchases of a commercial nature and other costs. The Company estimates that the book value of trade and other payables approximates their fair value. The increase is strictly related to the growth in the business activities of the Group.

"Tax payables", amounting to Euro 3 million, include withholding taxes on salaries and consultants and other current taxes for the period, principally relating to IRAP regional tax.

The account "Other payables" includes:

- employee payables for the month of December, the accrual on the "fourteenth" month and vacation days matured;
- the payables for the acquisitions of the investments completed during 2006. In particular, the payables relating to Nominalia SA and Tipic Inc. In relation to the payment for these investments, reference should be made to the directors' report on operations;

Compared to December 31, 2005, the instalments for the purchase of a further holding in the company Register.it were paid. The payable was settled at December 31, 2006.

Deferred income originates from the accruals on connectivity, domain and hosting contracts and other resale services referring to future periods. The increase in this account is due, in addition to the increased operations of the Group and Register.it, to the change in the consolidation area related to the acquisition of the Spanish company Nominalia SA in July.

22. Commitments and risks

The composition is shown in the following table:

Description	31/12/06	31/12/05	Change	Change %
Sureties	7,239	2,976	4,263	143.25%
Leased assets	0	2	-2	-100.00%
Total	**7,239**	**2,978**	**4,261**	**143.08%**

The sureties given at December 31, 2006 amounting to Euro 7.2 million (compared to Euro 3 million at December 31, 2005) are recorded for the amount guaranteed.
The most significant increases relate to the acquisitions of investments in 2006, and in particular:

- Guarantees for the purchase of the residual part of Nominalia SA and provided by Register.it S.p.A. for a total amount of Euro 3,464 thousand;

- Guarantees for the payment of the residual part of Tipic Inc. given by DADA S.p.A. for a total amount of Euro 2,925;

- Guarantees for the payments due on Register.it in 2005, at December 31, 2006, the amount still outstanding was Euro 416 thousand. This guarantee expired in January simultaneous with the payment of the final instalment.

No potential commitments exist that are not recorded in the balance sheet.

23. Transactions with related parties

The transactions with related parties relate to normal operations and are conducted at normal market conditions.
The company undertakes commercial transactions consisting of the acquisition and purchase of services, with subsidiary companies and with companies belonging to the RCS group, which has a 44.2% shareholding in DADA. The following table indicates the transactions with companies of the group and the balance sheet and income statement values in 2006 between companies of the Dada Group and "related parties" with the exclusion of intragroup transactions eliminated in the preparation of the consolidated financial statements.
The transactions of Dada S.p.A. with the Company RCS, which is the largest shareholder, with subsidiaries and associated companies, disclosed in the notes to the financial statements of the parent company in the individual accounts of the balance sheet and income statement, principally relate to:

- transactions related to contracts for the provision of centralised services;
- transactions of a financial nature, relating to loans and cash pooling in relation to the treasury financial management;
- transactions of a fiscal nature deriving from the national consolidated fiscal regime, with the objective of neutrality and parity of treatment.

(Amounts expressed in Euro/thousands)

Company	Trade receivables	Trade payables	Revenues	Costs
RCS Group	1,972	2,125	2,790	2,228
TOTAL	**1,972**	**2,125**	**2,790**	**2,228**

For further information in relation to the directors and executives with strategic responsibility, reference should be made to the directors' report.

Transactions with the companies of the Group largely relate to the provision of services, and the supply and use of financial resources as well as transactions of a fiscal nature which are regulated at market terms. In this domain, the DADA S.p.A. parent company acts as central treasury for the Groups' main companies.

In accordance with IAS 24, the following information is provided in relation to the remuneration of the directors of the group with strategic responsibilities, in the various forms in which they are paid for the year 2006 and the year 2005.

Description	31/12/2006		31/12/2005		Other financial instruments represented by equity
	Services	Personnel costs	Services	Personnel costs	
Directors fees :					
- Emoluments for office	487	6	435	-	
- Bonus and other incentives	248	325	93	8	
- Non-monetary benefits	5	7			
- Other remuneration		399		593	
- Share-based payments	253	240		43	
Total related parties	**993**	**977**	**528**	**644**	-

For further information reference should be made to the directors' report.

Florence, April 20, 2007

For the Board of Directors

The Chairman, Paolo Barberis

Ernst & Young

Reconta Ernst & Young S.p.A.

DADA S.P.A.

BILANCIO CONSOLIDATO AL 31 DICEMBRE 2006

RELAZIONE DELLA SOCIETÀ DI REVISIONE

ERNST & YOUNG

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Relazione della società di revisione
ai sensi dell'art. 156 del D. Lgs. 24.2.1998, n. 58

Agli Azionisti della Dada S.p.A.

1. Abbiamo svolto la revisione contabile del bilancio consolidato, costituito dallo stato patrimoniale, dal conto economico, dal prospetto dei movimenti del patrimonio netto, dal rendiconto finanziario e dalle relative note esplicative, della Dada S.p.A. e sue controllate ("Gruppo Dada") chiuso al 31 Dicembre 2006. La responsabilità della redazione del bilancio compete agli amministratori della Dada S.p.A.. E' nostra la responsabilità del giudizio professionale espresso sul bilancio e basato sulla revisione contabile.

2. Il nostro esame è stato condotto secondo i principi e i criteri per la revisione contabile raccomandati dalla CONSOB. In conformità ai predetti principi e criteri, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio consolidato sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.

   Per il giudizio relativo al bilancio consolidato dell'esercizio precedente, i cui dati sono presentati ai fini comparativi, si fa riferimento alla relazione emessa da altro revisore in data 6 aprile 2006.

3. A nostro giudizio, il bilancio consolidato della Dada S.p.A. al 31 dicembre 2006 è conforme agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs n. 38/2005; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria, il risultato economico, le variazioni del patrimonio netto ed i flussi di cassa del Gruppo Dada per l'esercizio chiuso a tale data.

Firenze, 3 aprile 2007

Reconta Ernst & Young S.p.A.

Fulvio Favini
(Socio)

Reconta Ernst & Young S.p.A.
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SEPARATE FINANCIAL STATEMENTS OF DADA S.P.A. AS AT DECEMBER 31, 2006

(Prepared in according with IAS/IFRS)

Registered Offices: Viale Giovane Italia, 17 - Florence
Share capital Euro 2,736,503.43 full paid-in
Florence Company Registry Office no. F1017-68727-REA 467460
Fiscal code/Vat no. 04628270482

INFORMATION ON OPERATIONS

Dear Shareholders,

The **Company DADA S.p.A.** recorded revenues of Euro 68.5 million in the year, an increase of 51% compared to Euro 45 million in the previous year. In the fourth quarter the sales of DADA S.p.A. amounted to Euro 21.4 million, compared to Euro 16.1 million in the fourth quarter of 2006 and Euro 19 million in the third quarter of 2006.

The increasing importance of the Consumer Division contributed to the growth in turnover in 2006, which accounted for 91% of consolidated revenues in the year. In the previous year, this division accounted for 87% of turnover. The Business Division accounted for 9% of consolidated revenues compared to 13% in 2005.

It is recalled that the Group's activities are organised in three divisions, two of which – the Consumer Service and the Business Service – are managed by the Parent Company DADA S.p.A., and one - the Self-Provisioning Service - includes the subsidiaries Register.it and Cotei/Nominalia SL.

DADA Group full year consolidated revenues amounted to Euro 111.4 million compared to Euro 69.9 million in 2005. The breakdown by sector was as follows: Consumer Division 80% (67% in 2005), Business Services 10% (23% in 2005) and Self Provisioning Services 10% (10% in 2005).

The international activities of the consumer area are principally managed through the 100% subsidiaries Dadamobile S.p.A. and DADA USA Inc.. The international expansion, which commenced in the second half of 2005, experienced significant growth during the year, through expanding in countries in which the group already operated in 2005 and through the opening of the Consumer business in new countries.

International contribution to consolidated revenues was 46%, compared to 12% in the previous year, growth of 266%. The operations in the United States contributed significantly to this growth, a market in which the Group operates through its subsidiary Dada USA Inc.

The reclassified results of the **Parent Company Dada S.p.A.** for 2006 and 2005 are reported below:

Amounts in Euro/thousand	Dec 31,06 12 months		Dec 31, 05 12 months		Change	
	Amount	% of total	Amount	% of total	Absolute	Percentage
Net Revenues	**68,472**	**100%**	**45,322**	**100%**	**23,150**	**51%**
Changes in inventory and internal work	2,869	4%	1,458	3%	1,411	97%
Service costs and other operating costs	-55,177	-81%	-32,830	-72%	-22,347	68%
Personnel costs	-8,544	-12%	-5,458	-12%	-3,086	57%
Ebitda*	**7,620**	**11%**	**8,492**	**19%**	**-872**	**-10%**
Amortisation and depreciation	-2,832	-4%	-2,239	-5%	-593	26%
Non-recurring income (charges)	-150	0%	-256	-1%	106	-41%
Revaluations/(Write-downs)	-369	-1%	-1774	-4%	1,405	-79%
Ebit	**4,269**	**6%**	**4,223**	**9%**	**46**	**1%**

* after write-downs and extraordinary items of Euro 0.5 million

The Ebitda of Dada SpA (before write-downs and other extraordinary items) was **Euro 7.6 million** compared to Euro 8.5 million in the previous year.

Included in the service and other operating costs are costs incurred for the acquisition of the user base amounting to Euro 16.4 million compared to Euro 6.5 million in the previous year (increase of 152%). It is recalled that the business model of these services is characterised by the time deferral between the initial cost necessary for the creation of the customer base and the related economic returns.

Other significant expense accounts included in the service costs were the sharing for the distribution of the services recognised to the companies of the Group.

Relating to the other expense items, personnel costs increased from Euro 5.5 million in 2005 to Euro 8.5 million in 2006, an increase of 57%. However, these costs remain unchanged in percentage terms on consolidated sales at 12%. The increase in absolute terms is entirely related to the expansion in the activities of the company and in particular to the growth in the Consumer Division. The number of employees increased from 96 at December 31, 2005 to 177 at December 31, 2006.

The general costs and expenses, comprising principally of utilities, are in line with the previous year with the same percentage on revenues.

The account "inventory changes and internal work" relate to the expenses incurred for the development of the proprietary platform necessary for the launch and management of the services provided via web and mobile by the DADA Group. In relation to this, expenses were incurred for Dada.net in the Consumer Division, projects for the launch of the .eu domain and the new shared hosting in the Self Provisioning Division.

The consolidated Ebitda in the year (before write-downs and other extraordinary items) was **Euro 15.7 million** (a margin of 14% on consolidated sales), compared to Euro 12.7 million in the previous year (margin of 18%).

The Ebit of the parent company Dada SpA in 2006 was **Euro 4.3 million,** compared to Euro 4.2 million in 2005.

The Ebit for the quarter includes amortisation and depreciation on tangible and intangible fixed assets totalling Euro 2.8 million (Euro 2.2 million in 2005), while write-downs and non-recurring charges amounted to Euro 0.5 million (Euro 2.0 million in 2005).

Depreciation/amortisation increased compared to the previous year (Euro 0.6 million) and over the quarters due to the investments made in the development of products and capital expenditures.

The pre-tax profit for the year was **Euro 6.5 million**, equal to 10% of revenues, and an increase compared to the previous year, which amounted to Euro 4.2 million (9% of sales).

Positively impacting on this account is the investment income deriving from the interest matured on securities and the liquidity of the Group, and in particular a gain of approximately Euro 2.0 million on the disposal of Planet Com.

The Group net profit in 2006 was **Euro 7.3 million**, equal to 11% of revenues, compared to Euro 4.6 million in the previous year (10% of sales).

Current taxes for the year amounted to Euro 0.6 million and related to Irap taxes. Deferred tax income was also recorded amounting to Euro 1.4 million - calculated on the temporary timing differences of provisions and write-downs made in previous years, and on the expected recovery of fiscal losses carried forward resulting from the business plans.

Therefore, the total fiscal effect for the year was positive for Euro 0.8 million.

It is recalled that Dada S.p.A. has matured fiscal losses of Euro 16.6 million.

The composition of the short-term net financial position at December 31, 2006 is shown below:

	FINANCIAL POSITION	Dec 31, 06	Dec 31, 05	Change	
				Absolute	Percent.
A	Cash	42	3	39	1300%
B	Bank and postal deposits	4,255	11,300	- 7,045	-62%
C	Securities held for trading	2,441	9,309	- 6,868	-74%
D	**Liquidity (A+B+C+D)**	**6,738**	**20,612**	**- 13,874**	**-67%**
E	**Treasury management cash pooling**	**- 2,805**	**- 9,083**	**6,278**	**-69%**
F	**Current financial receivables**			**-**	
G	Bank payables – current portion	- 198	-	- 198	
H	Current portion of non-current debt	- 255	- 243	- 12	5%
I	**Current debt (G+H)**	**- 453**	**- 243**	**- 210**	**86%**
J	**Current net financial position (I-F-E-D)**	**3,480**	**11,286**	**- 7,806**	**-69%**
K	Bank payables – non-current portion	-	- 290	290	-100%
L	Other non-current payables			-	
M	**Non-current debt (K+L)**	**-**	**- 290**	**- 290**	**100%**
N	**Total net financial position (J+M)**	**3,480**	**10,996**	**- 7,516**	**-68%**

The short-term Net Financial Position of Dada SpA at December 31, 2006 was a cash balance of Euro 3.5 million, compared to Euro 11.3 million at December 31, 2005.

In 2006, there was therefore a decrease in the cash position in absolute terms of Euro 7.8 million. This absorption of the net financial position compared to the previous year is primarily due to the completion of the acquisition of the investment in Register.it S.p.A, comprising the acquisition of a further 3% and the quota of the acquisition from the previous year (concluded in December), as well as the loans provided to the subsidiary Dada USA Inc. for the investment operations made in the year. The total payments made for these operations were Euro 0.6 million and Euro 8.0 million. For further information, reference should be made to the section "significant events in 2006" at page 30.

Further investments, as previously reported, were made in technology and development expenses for products and processes principally provided by the Consumer Division.

The securities are characterised by short-term low risk investments on demand. These securities are measured at market value (fair value), represented by the average quotations obtained from the issuers.

The composition of the net working capital and the net capital employed of the Parent Company Dada S.p.A. at December 31, 2006 is shown below:

Amounts in Euro/thousand	Dec 31, 06	Dec 31, 05	Change	
			Absolute	Percent.
Fixed assets (A) (*)	**48,259**	**36,199**	**12,060**	**33%**
Current assets (B)	52,754	25,350	27,404	108%
Current liabilities (C)	-49,259	-27,326	-21,933	80%
Net working capital (D) = (B)-(C)	**3,495**	**-1,976**	**5,471**	**-277%**
Employee leaving indemnity provision (E)	-1,089	-837	-252	30%
Provision for risks and charges (F)	-659	-688	29	-4%
Net capital employed (A+D+E+F)	**50,006**	**32,698**	**17,308**	**53%**

The **net working capital** at December 31, 2006 amounts to Euro 3.5 million, an increase compared to December 31, 2005. This increase is principally due to the investments made for the launch of products in the Consumer Division in overseas countries undertaken by subsidiary companies.

As previously described, this type of activity results in a financial management which is characterised by temporary differences between the creation/strengthening of the user base and the benefit in monetary terms. In addition, this business is also characterised by important temporary differences between the average period of payments and receipts.

Trade receivables at December 31, 2006 amounted to Euro 48 million on sales for the year of Euro 68.5 million, while at December 31, 2005, trade receivables amounted to Euro 20 million on sales for the year of Euro 45.3 million.

In relation to trade receivables, it is recalled that over 80% of the total value is due from telephone carriers, and from which a large part of the sales are generated for fee-based services of the Consumer Division.

The changes in the principal balance sheet accounts are due to the normal increases related to the increased business activity, both in terms of sales and current spending.

INVESTMENTS

A summary of the tangible and intangible fixed asset investments of DADA SpA is reported below:

Description	Increase 31/12/06	Increase 31/12/05	Change	Change %
Technological investments	1,400	1,022	378	37%
Purchase of furniture and fittings	87	81	6	7%
Development new products and processes	2,869	1,469	1,400	95%
Licences and trademarks	342	267	75	28%
Software	508	102	406	398%
Other	85	100	-15	-15%
TOTAL	5,291	3,041	2,250	74%

The investment activities have principally related to the purchase of tangible fixed assets for the renewal of the technological platforms of approximately Euro 1.4 million, and the expenses for the development of new products and services of Euro 2.9 million. This activity related in particular to the investments of the Consumer Division, Dada Net and Self Provisioning products.

There was a cash inflow from the exercise of the first stock option plan. On February 6, 2006, the period closed for the subscription to the share capital increase deliberated by the Board of Directors on June 20, 2005 for the stock option plan for employees of Dada S.p.A. and its subsidiaries. The number of options exercised was 132,217 and the financial contribution was Euro 1.4 million.

The same considerations apply to the cash flow movements as to those previously made in relation to the composition of the net financial position and the increase in net working capital.

The cash flow from financing activities increased following the share capital increase in February related to the stock option plan for Euro 1.4 million and decreased due to the repayments of medium/long-term payables. In the previous year, this was positive as a consequence of the sale in April 2005 of treasury shares which the company held in portfolio.

Funds were also utilising in the year amounting to Euro 5.3 million relating to technological investments and development activities.

Financial risks

Reference should be made to note 5.8 of the consolidated financial statements.

Alternative performance indicators:

In the present report, the following additional economic and financial performance indicators are provided in respect of those contained in IAS 1:

Ebitda: defined as the operating result before amortisation/depreciation, write-downs and non-recurring charges;

Net working capital: defined as the difference between current assets and liabilities, identifying current as within the year after the end of the balance sheet date. In this account, the deferred tax assets are divided between current and non-current, based on the portion which is considered recoverable from the result of the following year;

Net capital employed: fixed assets plus net working capital and less non financial consolidated liabilities (employee leaving indemnity and provision for risks and charges);

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

Total net financial position: includes the short-term net financial position and all financial receivables and payables due beyond one year.

STOCK OPTION PLANS

The main details of the stock option plans existing at December 31, 2006 are shown below:

PLAN OF JUNE 20, 2005:

With the Extraordinary Shareholders' Meeting resolution on 28/04/2005, the Board of Directors were conferred, in accordance with articles 2443 and 2441, 8th paragraph of the civil code, the power to increase the share capital, for a five year period, on one or more occasions, up to a maximum nominal value of Euro 79,922.95, through the issue of ordinary shares with the nominal value of Euro 0.17 as an incentive plan for the employees of Dada S.p.A. and its subsidiaries.

In execution of these powers, on June 20, 2005, the Board of Directors deliberated to increase the share capital for the issue of a new three-year stock option plan in favour of the employees of DADA S.p.A. and its subsidiaries.

The above-mentioned plan provides for the issue of a total of 441,406 shares which will be divided into three annual tranches and that will be offered in subscription to the employees of the Group at an exercise price of Euro 10.82 per share, and in the period between January 18 and February 6 of each of the next three years, and thus in the three-year period 2006-2008 (in relation to the first subscription period, reference should be made to the paragraph on the subsequent events to the year end of the present document):

- tranche 1a: vesting period from June 20, 2005 to January 17, 2006, exercise period from January 18, 2008 to February 06, 2006.
- tranche 2a: vesting period from February 7, 2006 to January 17, 2007, exercise period from January 18, 2008 to February 6, 2007.
- tranche 3a: vesting period from February 7, 2007 to January 17, 2008, exercise period from January 18, 2008 to February 6, 2008.

The exercise price was determined as the average price of Dada shares in the month prior to the issue of the plan.

The actuarial valuation of the Stock Option plan of the DADA S.p.A Group at June 20, 2005, in accordance with IFRS2, was made by an independent actuary applying the binomial method.

The model is based on a simple imposition, in which the time to maturity of the option is divided into periods, within which the price of the underlying share can assume only two alternative values determined based on one variation, compared to the price of the preceding period, one an increase and one a decrease. The application of this method resulted in the calculation of the stock option value, at June 20, 2005 (issue date of the plan), of Euro 1.3 per option for the first tranche, Euro 1.967 per option for the second tranche and Euro 2.18 for the third tranche. These values were reviewed compared to the previous year and this change had no significant effects.

PLAN OF FEBRUARY 3, 2006:

With the Extraordinary Shareholders' Meeting resolution of December 30, 2005, the Board of Directors in accordance with article 2443, paragraph 2 of the civil code were conferred: the power to increase the share capital, on one or more occasions, up to a maximum nominal value of Euro 136,000.00, through the issue of 800,000 ordinary shares with a par value of Euro 0.17 as an incentive plan for the executives with specific appointments and/or general directors and/or senior management and divisional managers of Dada S.p.A. and its subsidiaries.

In execution of these delegated powers, on February 3, 2006 the Board of Directors deliberated to increase the share capital for the issue of a new three-year stock option plan for the Executives with specific appointments and/or General Directors and/or senior management and divisional managers of Dada S.p.A. and its subsidiaries. The Board, on the proposal of the Remuneration Committee of the Company, approved the regulations of the Plan and assigned 700,700 options for the subscription of the same number of ordinary DADA shares to 10 Directors holding specific offices and Top Managers of the Group, also approving a share capital increase totalling Euro 119,119 to service the above-mentioned options.

The stock option plan has the purpose of providing incentives and ensuring the loyalty of the Top Management and therefore the exercise of the options is conditional, within the limits established in the regulations, of achieving 90% of the objective Consolidated Ebitda for the year 2008 as determined by the Board.

In general terms, the exercise of the options may take place from January 15 to January 31, from February 16 to February 28, from June 1 to June 15, from September 15 to September 30 (extended to October 15 only for the year 2012) and, finally, from November 15 to November 30 of each year until November 11, 2012 and from the date of the approval of the consolidated financial statements relating to the Dada Group for the year ended December 31, 2008.

The subscription price of the shares was determined by the Board of Directors of the Company, in accordance with the criteria indicated by the Shareholders' Meeting, as Euro 14.782 per share, equal to the average official price registered of the DADA shares in the month prior to the assignment of the rights and in any case above the average share price in the previous six months.

The actuarial valuation of the plan, in accordance with IFRS2, was made by an independent actuary applying the binomial method and resulted in a unitary value of Euro 4.232 per option.

PLAN OF MARCH 16, 2006:

Also in execution of these powers, on March 16, 2006, the Board of Directors deliberated to increase the share capital for the issue of a new three-year stock option plan in favour of the employees of DADA S.p.A. and its subsidiaries.

The above-mentioned plan provides for the issue of a total of 33,000 shares divided into three annual tranches and offered in subscription to the employees of the group at an exercise price of Euro 16.92 per share, and in the subscription period between January 18 and February 6 in the three following years, and thus in the three-year period 2007-2009.

The actuarial valuation of the plan, in accordance with IFRS2, was made by an independent actuary applying the binomial method.

PLAN OF JULY 28, 2006:

Also in execution of these powers, the Board of Directors' meeting of July 28, 2006 approved a paid-in share capital increase for a maximum amount of Euro 9,350, through the issue of a maximum of 55,000 new shares, to service the incentive and loyalty plan of two new Top Managers of the company and as partial execution of the powers attributed to the Dada Board by the Shareholders' Meeting of December 30, 2005 and recorded in the Florence company's registration office on January 9, 2006.

The Board of Directors of Dada determined the subscription price of the shares at a price, including the share premium and nominal value, equal to the official average arithmetical prices recorded of the ordinary shares of DADA in the period between the assignment date of the subscription rights and the same day in the previous month.

This plan has the same features as the plan of February 3, 2006, previously described.

The actuarial valuation of the plan, in accordance with IFRS2, was made by an independent actuary applying the binomial method and resulted in a unitary value of Euro 4.3192 per option.

The movements are shown in the following table:

	2006 Number of shares	Average exercise price	Market price	2005 Number of shares	Average exercise price	Market price
(1) Existing rights at 1/1	441,406	10.82	-	198,483	-	-
(2) New rights assigned	700,700	14.78	-	441,406	10.82	10.82
New rights assigned	33,000	16.92				
New rights assigned	55,000	15.47				
(3) Rights exercised in the period	(132,217)	10.82	-	164,657	4.84	-
(4) Rights expired in the period	(33,424)	10.82		(33,826)	4.84	8
(5) Existing rights at 31/12/2006	1,064,465			441,406	-	-

Exercise price:	RIGHTS ASSIGNED AT 31/12/2006 (granted)				OF WHICH EXERCISEABLE (vested)	
	Life of the residual contract			TOTAL	TOTAL	Average residual contract life
	< 1 year	1-2 years	> 2 years			
					-	-
Euro 10.82	138,493	140,034	-	278,527		
Euro 14.78	-	-	700,700	700,700		
Euro 16.92	10,078	10,078	10,082	30,238		
Euro 15.47			55,000	55,000		
TOTAL	148,571	150,112	765,782	1,064,465		

CORPORATE GOVERNANCE

Committees

The Board of Directors on May 9, 2006 set up the following committees:

1) Remuneration Committee consisting of the following directors: Barbara Poggiali, Salvatore Amato and Danilo Vivarelli. The purpose of this Committee is to guarantee adequate information and transparency on the remuneration, and on the method of its determination, of the Board of Directors and to guarantee that the remuneration system is capable of attracting, motivating and keeping high level professionals with adequate experience. The decisions of the Remuneration Committee must be made in such a manner that no director can influence the determination of his remuneration.

2) Internal Control Committee, made up of the following independent directors: Salvatore Amato, and the directors Raffaello Napoleone and Danilo Vivarelli. This committee assists the board in carrying out its tasks in relation to internal control, evaluates the work plan and receives periodic reports prepared by the persons responsible for internal control, evaluates the proposals of the audit firms and reports to the board on its activities and on the adequacy of the internal control system. The Board of Directors also nominated, in addition to the person in charge of internal control, the supervisory and control board.

In consideration of the shareholding structure of the Company, the Board of Directors did not consider it necessary to set up a Nominations Committee.

Code of Conduct of the Company on internal dealing

The Board of Directors of DADA S.p.A. on March 16, 2006 adopted the new Code of Conduct for companies in relation to Internal Dealing; this code, in force since 1/4/2006, was prepared in accordance with article 152.6 and thereafter of the Consob Regulations adopted with Resolution No. 11971 and most recently modified with Resolution No. 15232 of November 29, 2005 and the Regulations of the Markets Organised and Managed by Borsa Italiana S.p.A. (Borsa Italiana shareholders' resolution of December 21, 2005 and approved by Consob Resolution No. 15319 of February 8, 2006) and which governs the periodic disclosure obligations of transactions made relating to quoted securities of the issuer by persons who may have access to price sensitive information.

- the code considers "Relevant Persons":

a) in relation to DADA:

all Directors, Standing Auditors and Senior Managers;

b) in relation to any Relevant Subsidiaries:

all Directors which have been attributed executive powers of a permanent nature, or as part of an Executive Committee, or as General Director, as it is considered that these persons have regular access to Price Sensitive information relating to DADA or its subsidiaries and have the power to adopt management decisions which may impact upon the performance and future prospects of the Relevant Subsidiaries;

- and "Relevant Operations":

a) all operations relating to the purchase, sale, subscription or exchange of Financial Instruments above a cumulative threshold of Euro 5,000 for a period of one year

From April 1, 2006 – commencement date of the Code - the Relevant Persons must disclose to the Person Responsible for Internal Dealing, within three days of market opening from the effective date of the operation, the Relevant Operations undertaken by them and by persons strictly related to them.

Privacy

With reference to compliance in relation to privacy and treatment of personal data, it should be noted that the regulations of legislative decree No. 196 of June 30, 2005 implementing "The regulations on the protection of persons and parties in relation to the treatment of personal data" (so-called Privacy Law), and in particular the document on the minimum measures of security Attachment (B) to the code on privacy prescribes (point 26) that, in the case of the obligation to prepare the directors' report attached to the financial statements (articles 2428-2478 bis and 2435-bis of the civil code), reference should be made to the adoption or updating of the programmed document on security.

The planning document on security is required by the minimum technical regulations of attachment B to Legislative Decree of June 30, 2003 (Privacy Law), being the minimum mandatory security measure in the treatment of information, in the use of computers, that, according to this same law, is deemed to be "sensitive" or "judicial".

Dada S.p.A. utilises electronic instruments for its personal data bank and for which the company is obliged to prepare (and to update) the planning document on security, in accordance with the requirements of law.

In compliance with the obligations contained in point 19 of the regulations, Dada S.p.A., in accordance with article 29 of the Privacy Law, has already, in previous years, prepared the planning document on security, while with reference to the updating of the document, this will be completed by March 30, 2007, as prescribed by the regulations.

Treatment of price sensitive information

Confidential information is always managed by the Chairman and by the Managing Director in accordance with the internal procedures adopted by the company for the external communication of documents and information relating to the company, with particular regard to "price sensitive" information; the process for the publication of price sensitive press releases is undertaken in accordance with the recommendations made by CONSOB and by Borsa Italiana S.p.A., through the utilisation of dedicated communication instruments whose access is limited only to company officers involved in the process.

On September 11, 2006, the Board of Directors of Dada S.p.A. adopted a new procedure for the management and communication of confidential and privileged corporate information;

This procedure has the purpose to govern the internal management and external publication of Reserved Information, and in particular Privileged Information, relating to DADA S.p.A., to all subsidiaries, and/or financial instruments issued, in order to implement instruments which would prevent the non-compliance of legal obligations in relation to public communications and market abuse and ensure that the internal management of its information is not undertaken in an inadequate manner and respects a general principle of confidentiality and that the external communication in not untimely, incomplete, or which in any case would result in asymmetric information;

The procedure is therefore applicable to each subsidiary; in addition, the procedure is related to the internal procedure, also adopted by the Board, to maintain an updated register of the persons having access to confidential information in accordance with article 115-bis of the finance law and article 152-bis, and thereafter of the Issuers' Regulations.

PURCHASE OF TREASURY SHARES

The Shareholders' Meeting of April 29, 2006 renewed the authorisation to the Board of Directors, to acquire within 18 months from the date of the resolution, up to a maximum number of ordinary shares representing 10% of the share capital at a price not lower than 20% and not above 10% compared to the reference price traded on the stock exchange on the day prior to each purchase and for a total amount not above the reserves available resulting from the latest approved financial statements; the same Shareholders' Meeting also authorised the Board of Directors to hold shares already in portfolio or acquired resulting from the present authorisation.

The utilisation of the treasury shares, in relation to those already in portfolio or those that may be acquired due to the present authorisation renewal, may be carried out within three years of the approval by the Shareholders' Meeting at a price, or at a valuation, not lower than 95% of the average reference price recorded in the previous thirty stock exchange days open prior to the sales deed or, if prior, to the official deeds of commitment. The terms of this third authorisation expire on October 22, 2007. At December 31, 2006, the company does not hold treasury shares in portfolio.

REMUNERATION OF DIRECTORS AND STATUTORY AUDITORS

Subject	Description of responsibility			Remuneration			
Name	Office held	Period of office	Expiry	Emoluments	Non-monetary benefits	Bonuses	Others
BOARD OF DIRECTORS							
Paolo Barberis	Chairman of the Board of Directors	1/1 – 31/12/06	Accounts at 31/12/2008	292,500	2,481	149,100	
Angelo Falchetti	Managing Director	1/1 – 31/12/06	Accounts at 31/12/2008	194,500	2,481	98,556	
Marco Argenti	Director	29/7 –31/12/06	Accounts at 31/12/2008	3,150	5,003	145,200	238,242
Lorenzo Lepri	Director	1/1 – 31/12/06	Accounts at 31/12/2008	3,150	1,882	180,000	160,796
Alberto Ronzoni	Director	1/1 – 31/12/06	Accounts at 31/12/2008	2,100			
Barbara Poggiali	Director	1/1 – 31/12/06	Accounts at 31/12/2008	2,100			
Pietro Varvello	Director	1/1 -31/12/06	Accounts at 31/12/2008	1,750			
Salvatore Amato	Director	1/1 – 31/12/06	Accounts at 31/12/2008	1,925			
Giorgio Valerio	Director	1/1 – 31/12/06	Accounts at 31/12/2008	1,225			
Raffaello Napoleone	Director	21/04 – 31/12/06	Accounts at 31/12/2006	1,050			
Danilo Vivarelli	Director	21/04/– 31/12/06	Accounts at 31/12/2008	1,400			
Roberto Ravagnani **	Director	9/11– 31/12/06	Next Share-holders' meeting	350			
Riccardo Stilli **	Director	9/11 – 31/12/2006	Next Share-holders' meeting	175			
Massimiliano Pellegrini	Director*	1/1 – 21/04/2006	Resigned	1,400	3,778	98,000	196,758
Giovanni Benedetto	Director*	1/1 – 21/04/2006	Resigned	0			
Vittorio Colao	Director*	1/1 – 12/09/2006	Resigned	0			
Aldo Bisio	Director*	1/1 – 11/09/06	Resigned	175			

* Director resigned during the year
** Director since November 9, 2006

Subject	Description of responsibility			Remuneration			
Name	Office held	Period of office	Expiry	Emoluments	Non-monetary benefits	Bonuses	Other remune-ration
BOARD OF STATUTORY AUDITORS							
Pier Angelo Dei	Chairman	1/1 – 31/12/06	Accounts at 31/12/2008	29,000			
Piero Alonzo	Statutory Auditor	21/04 – 31/12/06	Accounts at 31/12/2008	18,000			
Massimo Cremona	Statutory Auditor	21/04 – 31/12/06	Accounts at 31/12/2008	18,000			
Alessandro Grimaldi	Statutory Auditor	resigned					
Francesca Pirrelli	Statutory Auditor	resigned					

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

Name	Company	Number of shares held at 31/12/2005	Number of shares held at 31/12/2006
Paolo Barberis	DADA S.p.A.	986,454	986,454
Angelo Falchetti	DADA S.p.A.	430,341	430,341
Marco Argenti	DADA S.p.A.	48,581	56,081
Lorenzo Lepri	DADA S.p.A.	-	4,400
Massimiliano Pellegrini	DADA S.p.A.	3,000	*

* Director resigned during the year

Options assigned to Directors during the year

name	Options held at beginning of the year		
	Number of options	Average exercise price	average expiry
Marco Argenti	97,500	10.82	From January 18 to February 6 of 2006, 2007, 2008

name	Options assigned during the year		
	Options subscribed		
	Number of options	Exercise price per share	Average expiry
Marco Argenti	91,000	14.78	*
Paolo Barberis	127,400	14.78	*
Angelo Falchetti	91,000	14.78	*
Lorenzo Lepri	68,250	14.78	*

* from January 15 to January 31, from February 16 to February 28, from June 1 to June 15, from September 15 to September 30 (extended to October 15 only for the year 2012) and, finally, from November 15 to November 30 of each year until November 11, 2012 and from the date of the approval of the consolidated financial statements relating to the Dada Group for the year ended December 31, 2008.

name	Options exercised during the year			Options expired in the year
	Number of options	Average exercise price	Average market price in year	Number of options
Marco Argenti	32,500	10.82		

name	Options held at the end of the year		
	Number of options	Average exercise price	Average expiry
Marco Argenti	65,000	10.82	From January 18 to February 6 of 2006, 2007, 2008
Paolo Barberis	127,400	14.78	
Angelo Falchetti	91,000	14.78	
Lorenzo Lepri	68,250	14.78	
Marco Argenti	91,000	14.78	

SIGNIFICANT EVENTS IN 2006

The main operational events during the year 2006 are reported below:

On June 20, 2006: the company Dada Brasil Serviços de Tecnologia Ltda was incorporated with registered offices at San Paolo. The company will distribute fee-based services in the Consumer sector in Brazil. The company began operations in the final quarter of the year.

On July 4, 2006, Dada S.p.A., in further implementing the optimisation of the Group structure, completed the sale of the entire investment held in Planet Com S.p.A., equal to 50% of the share capital. Dada's strategy is to focus on its wholly owned subsidiaries and its core businesses, represented by the scalable services relating to the community and entertainment world accessible via web and mobile. In the first quarter of 2006, these services represented 74% of Dada's consolidated sales and registered sales in constant growth.

The sale of the entire holding in Planet Com S.p.A., specialised in judicial court auctions, to Asteimmobili.it S.p.A. was for a cash payment of Euro 2.5 million, of which Euro 2 million paid on July 4, 2006 and the remainder paid on September 30, 2006.

The investment in Planet.Com was recorded in the financial statements of Dada at December 31, 2005 at a book value of Euro 532 thousand; the sale therefore generated a gain of Euro 1.968 million in the accounts of Dada SpA.

In 2005, Planet Com recorded sales of Euro 5,675 thousand, an Ebitda of Euro 412 thousand and an Ebit of Euro 180 thousand. At December 31, 2005, the net equity of the company was Euro 558 thousand and the short-term NFP was a cash position of Euro 662 thousand.

On July 21, 2006, Dada S.p.A. completed the agreement for the purchase of the remaining 3% of Register.it S.p.A. from four professional individuals with long-term experience within the Group and whose relationship will remain unchanged. Following this agreement, DADA will hold 100% of Register.it S.p.A. (www.register.it), the first Italian operator accredited by ICANN - the international body that awards the Internet technical management on a worldwide basis. Register.it S.p.A. currently boasts over 250,000 active domain names, 250,000 premium managed emails and over 120,000 web sites hosted on its evolved hosting solutions. The acquisition of 3% of the share capital of Register.it S.p.A. was for a cash price of Euro 600 thousand paid on July 21, 2006, on the transfer of the shares.

On August 4, 2006, Register.it S.p.A., a company fully owned by Dada S.p.A. and one of the leading players in the European market of Internet domains, professional emails and hosting, formalised an agreement for the acquisition of the Spanish company Nominalia S.L. Nominalia has been active since 1997 in the Spanish professional Internet services segment and is the leading operator managing more than 155 thousand domains with an addition of about 3 thousand new domains per month. The Company is based in Barcelona, currently employs 35 professionals - among which some of the Spanish pioneers of the sector, and – like Register.it – is ICANN accredited (Internet Corporation for Assigned Names and Numbers). Direct agreements with the main Registries all over the world allow Nominalia to offer registration and management of domains and Internet professional services in more than 100 different countries.

The acquisition will be made by Register.it through the purchasing of 100% of the share capital of Nominalia for a total consideration of Euro 5.2 million to be executed in three different tranches.

At the first closing of August 4, 2006, Register.it acquired 66% of Cotei S.L. - the holding company which owns as its sole asset 75% of the share capital of Nominalia - therefore acquiring 50.1% of Nominalia for a total payment of Euro 2.6 million, paid half in cash at closing and the rest to be paid in 3 equal quarterly instalments.

A pledge on behalf of Register.it regarding all the shares of Nominalia and Cotei not yet acquired immediately granted Register.it full powers of governance and voting rights on 100% of the share capital of the two Spanish companies.

Along with the second closing, planned for February 2007, Register.it will complete the acquisition of the remaining 33% of Cotei - thus increasing its stake to 100% of Cotei and therefore 75% of Nominalia - for a payment of Euro 1.3 million, of which Euro 650 thousand to be paid at the date of the second closing and the balance to be paid in 2 equal quarterly instalments.

With the third and final closing, planned for January 2008, Register.it will complete the acquisition of the remaining shares of Nominalia equal to 25% of the capital, with a payment of Euro 1.3 million, of which Euro 650 thousand to be paid at the closing and the remainder to be paid in 2 equal quarterly instalments.

In the first 5 months of 2006, Nominalia recorded revenues of Euro 2.5 million and an Ebitda of Euro 649 thousand (equal to an Ebitda margin of 26%), while the revenues for the full year of 2005 were Euro 3.8 million with an Ebitda of Euro 830 thousand. At May 30, 2006, the net financial position of the company was positive for over Euro 1 million.

On August 5, 2006, Dada USA Inc., a subsidiary of Dada S.p.A. with head offices at New York and a leading player in the US community and entertainment services via web and mobile, formalised the agreement for the acquisition of the company Upoc Networks Inc., an experienced operator in the US market for Internet and mobile added value services.

Founded in 1999 with head offices in New York, Upoc operates in the provision of consumer entertainment and community services, accessible via SMS, WAP, voice, MMS, BREW and Java. The company distributes both through its own brand upoc.com and through some of the principal WAP portals of American carriers. Upoc also offers online marketing solutions for leading American media groups.

Upoc today has approximately 3 million registered users, sends an average of 2 million SMS per day and adds almost 50 thousand new subscribers monthly - the majority of which are from WAP services.

The company currently has 34 professional staff with proven experience in the technology sector.

The acquisition of Upoc was made through Dada USA Inc. for a cash payment totalling USD 7 million (equal to approximately Euro 5.5 million) from Group funds and was paid in one single tranche on the transfer of the shares representing the equivalent of over 90% of the ordinary share capital, while the remaining shares will be transferred subsequently.

On August 22, 2006, Dada USA Inc. completed the acquisition of Upoc Networks Inc. following the compliance of the suspension clauses of the operation. The transfer of the residual 10% took place in December.

In 2005, Upoc recorded revenues of USD 3.6 million, an increase of 71% compared to USD 2.1 million in the previous year and recorded a gross profit of USD 2.9 million.

On October 12, Dada USA Inc., a subsidiary of Dadamobile S.p.A. with head office at New York, completed the acquisition of 100% of the company Tipic Inc.

Tipic, headquartered in New York City, is a leading international player in the Blog Community segment through its brand Splinder (www.splinder.com), undisputed blog leader in Italy and one of the richest resources for user generated content in the Italian market, and Motime (www.motime.com), the leading service in the same sector in the American market. Today, Tipic manages approximately 220 thousand active Blogs and has 320 thousand registered users, with an addition of almost 12 thousand users per month. It also has over 5.2 million monthly unique visitors and registers 35 million page views per month.

The acquisition of 100% of the share capital of Tipic Inc. by DADA USA Inc. was for a total cash payment of Euro 4.5 million, 35% payable initially and the balance within 12 months. In 2005, Tipic recorded sales of approximately Euro 90 thousand and a break-even net result.

The number of personnel in the Dada Group at December 31, 2006 was 373, of which 7 Executives, while at December 31, 2005, the number of personnel was 251 and at June 30, 2006 the number was 290 (of which 4 executives). These changes were impacted by the change in the consolidation scope. The entry into the consolidation scope of Nominalia SA and of UPOC Inc. resulted in an increase of 67 employees, while the deconsolidation of Planet Com S.p.A. resulted in a decrease of 32 employees.

TRANSACTIONS WITH RELATED PARTIES

Reference should be made to the section in the notes to the financial statements (note 19).

SUBSEQUENT EVENTS AFTER THE YEAR-END

On February 22, 2007, Dadamobile S.p.A., a subsidiary of DADA S.p.A., completed the agreement for the acquisition of 30% of E-Box S.r.l., owner of the platform Blogo, and signed agreements to acquire 100% of the company over a period of 2 years.

Founded in January 2005 and with head office at Milan, E-Box undertakes the activity of Nano-Publishing through its own Blogo platform which constitutes the most visited vertical blog network nationally and one of the top 10 Italian Web Property Internet sites with over 16 million monthly page visits and approximately 3.3 unique visitors per month (source: Audiweb/Nielsen, January 2007).

E-Box expects to end the year 2006 with revenues of Euro 420 thousand, principally from advertising income – over 10 primary insertion clients signed permanent sponsoring contracts with the Company – and an Ebit of Euro 50 thousand (equal to an Ebit margin of approx 12%). E-Box does not have any employees and is managed by the 4 founding shareholders, which coordinates the activities of over 50 bloggers.

The acquisition of 30% of the share capital of E.Box S.r.l. was for a payment by Dadamobile of Euro 720 thousand from the liquidity of the Group and was paid in two equal tranches, the first paid on the closing on February 22, 2007 and the second one year after the Closing. Simultaneous to the entry into the share capital, Dada was recognised governance rights relating to the nominations on the Board of Directors and control of the Company and the right of veto on important board and shareholder meeting resolutions.

Purchases and sales options were also signed relating to the residual holding of the share capital which may be exercised 2 years from the Closing, subject to certain conditions.

In execution of the powers delegated to the Board of Directors in the extraordinary shareholders' meeting resolution of December 30, 2005, the Board deliberated on February 12, 2007 to issue a new three-year stock option plan for executives with specific appointments and/or general directors and/or general and divisional managers of Dada S.p.A. and its subsidiaries. The Board, on the proposal of the Remuneration Committee of the Company approved the regulations of the plan and assigned 25,000 options for the subscription of a similar amount of Dada ordinary shares to some Managers of the Group. The stock option plan has the purpose of providing incentives to Top Management, and therefore the Board stipulated the exercise of the options on reaching an objective of 90% of the Consolidated Ebitda for the year 2008, as determined by the Board.

In general terms, the exercise of the options may take place from January 15 to January 31, from February 16 to February 28, from June 1 to June 15, from September 15 to September 30 (extended to October 15 only for the year 2012) and, finally, from November 15 to November 30 of each year until November 11, 2012 and from the date of the approval of the consolidated financial statements relating to the Dada Group for the year ended December 31, 2008.

The subscription price of the shares was determined by the Board of Directors of the Company, in accordance with the criteria indicated by the Shareholders' Meeting, as Euro 16.99 per share, equal to the average official price registered of the DADA shares in the month prior to the assignment of the rights and in any case above the average share price in the previous six months.

On February 27, 2007, the second tranche of the acquisition of the company Nominalia was concluded. This operation involved the acquisition of the remaining 33% of Cotei - thus increasing its stake to 100% of Cotei and therefore 75% of Nominalia - for a payment of Euro 1.3 million of which Euro 650 thousand to be paid immediately and the balance to be paid in 2 equal quarterly instalments.

The figures after the end of the year confirm the growth in revenue in 2006. In particular, the growth in international activities continues and whose contribution is expected to increase in the coming quarters.

ATTACHMENT 1

WORKING CAPITAL AND NET FINANCIAL POSITION OF DADA S.p.A. AS AT DECEMBER 31, 2006

Amounts in Euro/thousand	Dec 31, 06	Dec 31, 05	Change	
			Absolute	Percent.
Fixed assets (A)	**48,259**	**36,199**	**12,060**	**33%**
Current assets (B)	52,754	25,350	27,404	108%
Current liabilities (C)	-49,259	-27,326	-21,933	80%
Net working capital (D) = (B)-(C)	**3,495**	**-1,976**	**5,471**	**-277%**
Employee leaving indemnity provision (E)	-1,089	-837	-252	30%
Provision for risks and charges (F)	-659	-688	29	-4%
Net capital employed (A+D+E+F)	**50,006**	**32,698**	**17,308**	**53%**
Medium-long term payables	-	-290	290	-100%
Shareholders' equity (G)	**-53,486**	**-43,694**	**-9,792**	**22%**
Short-term bank debt	-453	-243	-210	86%
Short-term financial receivables and securities	2,441	9,309	-6,868	-74%
Treasury management cash pooling	-2,805	-9,083	6,278	-69%
Cash and cash equivalents	4,297	11,303	-7,006	-62%
Short-term net financial position	**3,480**	**11,286**	**-7,806**	**-69%**

ATTACHMENT 2

RECLASSIFIED INCOME STATEMENT DADA S.p.A. AS AT DECEMBER 31, 2006

Amounts in Euro/thousand	Dec 31, 06 12 months		Dec 31, 05 12 months		Change	
	Amount	% of total	Amount	% of total	Absolute	Percentage
Net Revenues	**68,472**	**100%**	**45,322**	**100%**	**23,150**	**51%**
Changes in inventory and internal work	2,869	4%	1,458	3%	1,411	97%
Service costs and other operating costs	-55,177	-81%	-32,830	-72%	-22,347	68%
Personnel costs	-8,544	-12%	-5,458	-12%	-3,086	57%
Ebitda (*)	**7,620**	**11%**	**8,492**	**19%**	**-872**	**-10%**
Amortisation and depreciation	-2,832	-4%	-2,239	-5%	-593	26%
Non-recurring income (charges)	-150	0%	-256	-1%	106	-41%
Revaluations/(Write-downs)	-369	-1%	-1774	-4%	1,405	-79%
Ebit	**4,269**	**6%**	**4,223**	**9%**	**46**	**1%**
Investment income	2,553	4%	376	1%	2,177	579%
Financial income and charges	-305	0%	-376	-1%	71	-19%
Profit before taxes	**6,517**	**10%**	**4,223**	**9%**	**2,294**	**54%**
Income taxes	750	1%	420	1%	330	79%
Group net profit	**7,267**	**11%**	**4,643**	**10%**	**2,624**	**57%**

(**) Operating result before amortisation/depreciation, write-downs and extraordinary items

DADA S.p.A INCOME STATEMENT AT DECEMBER 31, 2006 PREPARED IN ACCORDANCE WITH IAS/IFRS ACCOUNTING STANDARDS

	Ref.	31/12/06 (12 months)	31/12/05 (12 months)
Net Revenues		**68,472**	**45,322**
- of which related parties	19	18,599	3,305
Cost of raw materials and consumables		-39	-25
Changes in inventory and internal work		2,869	1,458
Service costs and other operating costs		-55,225	-33,003
- of which related parties	19	20,872	3,874
Personnel costs	3.5	-8,544	-5,458
- of which related parties	19	977	644
Other charges	3.1	-63	-58
Provisions and write-downs	3.3	-369	-1,774
Amortisation and depreciation	3.4	-2,832	-2,239
Ebit		**4,269**	**4,223**
Investment income	3.2	308	376
- of which related parties	19	107	
- of which revenues from non-recurring activities		1,968	
Financial charges	3.2	-305	-376
- of which related parties	19	-168	-232
Profit before taxes		**6,517**	**4,223**
Income taxes	4	750	420
Profit for the year		**7,267**	**4,643**

DADA S.p.A. BALANCE SHEET AT DECEMBER 31, 2006 PREPARED IN ACCORDANCE WITH IAS/IFRS ACCOUNTING STANDARDS

ASSETS	Ref.	31/12/06 (12 months)	31/12/05 (12 months)
Non-current assets			
Goodwill	6	899	899
Intangible fixed assets	7	4,963	3,193
Other tangible assets	7	2,699	2,010
Investments in subsidiary companies	8	28,494	27,543
Financial assets	8	8,118	89
- of which related parties	7	8,000	-
Deferred tax assets	4	5,294	4,506
Total		**50,467**	**38,240**
Current assets			
Inventories	13	111	371
Trade receivables	14	47,988	19,822
- of which related parties	19	25,595	3,710
Tax receivables and others	14	5,495	3,116
- of which related parties	19	148	123
Financial assets held for trading	10	2,441	9,309
Cash at bank and in hand	15	4,297	11,303
Total current assets		**60,332**	**43,921**
TOTAL ASSETS		**110,799**	**82,161**

DADA S.p.A. BALANCE SHEET AT DECEMBER 31, 2006 PREPARED IN ACCORDANCE WITH IAS/IFRS ACCOUNTING STANDARDS

SHAREHOLDERS' EQUITY AND LIABILITIES	Ref.	31/12/06 (12 months)	31/12/05 (12 months)
SHAREHOLDERS' EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	16	2,715	2,692
Share premium reserve	16	29,493	28,085
Treasury Shares	16		0
Legal reserves	16	538	406
Other reserves	16	9,078	3,261
- of which related parties	19	493	43
Retained earnings		4,395	4,607
Profit for the year		7,267	4,643
Total Shareholders' Equity		**53,486**	**43,694**
Non-current liabilities			
Bank loans (beyond one year)		0	260
Provisions for risks and charges	20	658	688
Employee leaving indemnities	12	1,089	837
Other payables beyond one year		0	30
Total		**1,747**	**1,815**
Current liabilities			
Trade payables	21	49,943	29,802
- of which related parties	19	29,706	16,217
Other payables	21	3,746	5,162
- of which related parties	19	592	103
Tax payables	21	1,424	1,445
Bank overdrafts and loans (within one year)	21	453	243
Total		**55,566**	**36,652**
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**110,799**	**82,161**

DADA S.p.A. CASH FLOW AS AT DECEMBER 31, 2006 PREPARED IN ACCORDANCE WITH IAS/IFRS

Amounts in Euro/thousand	31/12/06 (12 months)
Operating activities	
Group Net Profit	**7,267**
Adjustments for:	
Income from trading activities	-2,553
Financial charges	305
Costs for share-based payments	1,094
Income taxes	-750
Depreciation of tangible fixed assets	823
Amortisation of other intangible assets	2,009
Other provisions and write-downs	706
Increases/(decreases) in provisions	-114
Cash flows generated from operating activities before working capital changes	**8,787**
Increase in inventories	260
(Increase)/ decrease in receivables	-30,304
Increase in trade payables	25,427
Cash flow generated from operating activities	**4,170**
Income taxes paid	-1,094
Interest paid	-305
Net cash flow generated from operating activities	**2,771**
Investing activities	
Interest received	610
Purchase of subsidiary and associated companies	-1,483
Sale of subsidiary and associated companies	2,500
Purchase of tangible fixed assets	-1,512
Purchase of financial assets	-8,029
Purchase/sale of financial assets available for sale	6,868
Purchase of intangible assets	-910
Product development costs	-2,869
Net Cash flow used in investment activities	**-4,825**

DADA S.p.A. CASH FLOW AS AT DECEMBER 31, 2006 PREPARED IN ACCORDANCE WITH IAS/IFRS

Amounts in Euro/thousand	31/12/06 (12 months)
Financial activities	
Dividends from subsidiaries	-25
Repayment of loans	-290
Payments deriving from share capital increases	1,431
Sale of treasury shares	
Other changes	
Increases (decreases) in bank overdrafts	
Net Cash flow generated from financing activities	**1,116**
Net increase/(decrease) in cash and cash equivalents	**-938**
Cash and cash equivalents at beginning of the year	**1,977**
Cash and cash equivalents at 31/12/2006	**1,039**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY FROM 01/01/2004 TO 31/12/2006

Description	Share capital	Share premium reserve	Legal reserves	Other reserves	Retained earnings	Profit/ (loss)	Total
Balance at January 1, 2005	**2,664**	**34,015**	**406**	**- 265**	**4,362**	**- 6,699**	**34,483**
Allocation of results 2004		- 6,699				6,699	
Share capital increase	28	769					797
Other changes				156	1,015		1,171
Purchase of treasury shares				3,370	- 770		2,600
Result at 31/12/2005						4,643	4,643
Balance at 31/12/05	**2,692**	**28,085**	**406**	**3,261**	**4,607**	**4,643**	**43,694**
Allocation of results 2005			133	4,723	- 212	- 4,643	
Share capital increase	22	1,408					1,430
Other changes				1,094			1,094
Result at 31/12/2006						7,267	7,267
Balance at 31/12/06	**2,714**	**29,493**	**539**	**9,078**	**4,395**	**7,267**	**53,486**

ACCOUNTING PRINCIPLES AND NOTES

1. Corporate information

DADA S.p.A. is a limited liability company incorporated in Italy at the Florence Company's Registry Office. The addresses of the registered office and of the locations in which the main activities of the Group are carried out are indicated in the introduction to the accounts. DADA operates in the Internet sector and its principal activities are in the consumer market, with applications for PC and mobile telephone services, the business solutions market and the Hosting & domain market (self-provisioning). For further information, reference should be made to the Directors' Report on operations.

2.1 Criteria for the preparation of the Financial Statements

The present financial statements were prepared on the basis of the historical cost criteria.

The present separate financial statements are expressed in Euro as this is the currency in which the majority of the operations are carried out.

The report comprises the balance sheet, income statement, statement of change in shareholders' equity, cash flow statement and the present notes.

Declaration of compliance with IFRS

Dada S.p.A. has adopted international accounting standards as from the financial statements for the year 2006.

The transition date to the IAS/IFRS international accounting standards is January 1, 2005. In accordance with Consob communication No. DEM/6064313 of July 28, 2006, the financial statements in the present transition document are accompanied by the information requested by IFRS 1, paragraphs 39 and 40, together with the explanatory notes of the criteria for the presentation and the accounts attached to the reconciliations.

The financial statements and the reconciliations were prepared only for the preparation of the first full financial statements at December 31, 2006, in accordance with IFRS standardised by the European Commission, and do not include comparative data and the necessary explanatory notes that would be required to represent in a true and fair manner the balance sheet, financial position and consolidated result of the company, in conformity with IAS/IFRS standards.

The separate financial statements for the year 2006 are prepared in accordance with IFRS issued by the International Accounting Standards Board and standardised by the European Union. IFRS also include all the revised international accounting standards (IAS) and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), including those previously issued by the Standing Interpretations Committee ("SIC").

Investments in subsidiaries and associated companies

The investments in subsidiaries are measured under the cost method and periodically subject to an impairment test to assess whether any loss in value exists. This test is made at least annually, or whenever there is an indication of a probable loss in the value of the investments. The valuation method utilised is based on the Discounted Cash Flow, applying the method described in the "Losses in value of the assets". Where it is necessary to make a write-down, this is charged to the income statement in the year in which it is recorded. When the reasons for the write-down no longer exist, the book value of the investment is increased up to the original cost. The restated amount is recorded in the income statement.

Loss in value ("Impairment")

At each balance sheet date, Dada S.p.A. reviews the carrying value of its intangible and tangible assets to determine if there are indications that these assets have incurred a loss in value. When it is determined that a potential loss exists, the Directors make valuations on the recoverable amount of those assets in order to identify the potential amount of the loss. Where it is not possible to make an estimate of the recoverable amount of an asset individually, the Company makes an estimate of the recoverable amount of the cash-generating unit the asset belongs to.

The indefinite intangible assets (including goodwill) and the investments, are verified annually and whenever there is an indication of a possible loss in value in order to determine whether a loss in value has occurred.

The recoverable amount is the higher of its fair value less costs to sell and its value in use. In the calculation of the value in use, the estimated future cash flows are discounted on a pre-tax basis that reflects the market assessment of the time value of money and the risks specific to the asset.

If there is an indication that an impairment loss recognised for an asset other than goodwill may no longer exist or may have decreased, the carrying amount of the asset (or of the cash-generating unit), shall be increased to its recoverable amount, but shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. The restated values are immediately recognised in the income statement.

Non-current assets held for sale

The non-current assets (and group of assets for sale) classified as held for sale are measured at the lower of the previous carrying value and market value, net of the costs to sell.

The non-current assets (and group of assets for sale) are classified as held for sale when it is expected that their carrying value will be recovered through a sales operation instead of in their utilisation in the operations of the business. This condition is applicable only when the sale is highly probable, the asset (or group of assets) is available for immediate sale in its current conditions and the management has undertaken a commitment to sell, which should take place within 12 months from the date of classification of this account.

Intangible assets

The intangible assets acquired separately are initially capitalised at cost, while those purchased through business combinations are capitalised at fair value defined at the acquisition date. After initial recognition, the intangible assets are recorded at cost less accumulated amortisation and any loss in value. The intangible assets produced internally, with the exception of development costs, are not capitalised and are recognised in the income statement in the year incurred. The useful life of the intangible assets are measured as definite.

The definite intangible assets are amortised over the useful life of the asset and verified for any indications of a possible loss in value. The period and method of amortisation applied is reviewed at the end of each year or more frequently if necessary. Changes in the expected useful life or of the manner in which the future economic benefits related to the intangible assets are received by the Group are recorded amending the period and method of amortisation, and treated as changes in the accounting estimates. The amortisation of definite intangible assets is recorded in the income statement under the category of costs relating to intangible assets.

Research and development costs

The research costs are recognised in the income statement in the period in which they are incurred. The development costs incurred in relation to a specific project are capitalised only when the Group can demonstrate that it is possible to complete the intangible asset in order to make it available for use or sale, its intention to complete this asset for use or sale, the manner in which it will generate probable future economic benefits, the availability of technical, financial and other resources in order to complete the development and its capacity to evaluate in a reliable manner the cost attributable to the activity during its development.

During the development period, the asset is reviewed annually in order to determine any loss in value. Subsequent to the initial recording, the development costs are valued at cost less amortisation or accumulated loss. Amortisation begins when the development is completed and the asset is available for use. Amortisation is made with reference to the period in which it is expected the related project will generate revenues for the Group. During the period, the asset is no longer in use, it is reviewed annually in order to determine any loss in value.

Other intangible assets

They are initially recognised at purchase cost and are amortised on a straight line basis over their expected useful life. Reference should be made to the accounting policy relating to the loss in value and impairment test.

The gains and losses deriving from the disposal of an intangible asset is measured as the difference between the net sales revenue from the disposal and the carrying value of the intangible asset and recorded in the income statement when the asset is sold.

Other tangible assets

The other tangible assets, plant, machinery and equipment are recognised at purchase or production cost, net of accumulated depreciation and any write-down for loss in value. Cost includes any related charges and direct and indirect costs reasonably attributable to the asset.

Tangible assets are depreciated each year on a straight line basis reflecting the estimated useful life of the asset applying the following percentages:

- Equipment and EDP: 20%
- Furniture and fittings: 12%
- Ordinary office machines: 12%

Inventories

The inventory relates to work in progress on contracts in progress at the balance sheet date. The valuation of the contracts is made in accordance with the percentage of completion method.

Receivables

The receivables are measured at nominal value and reduced to the net realisable value through the recording of a specific allowance for doubtful debts. Such provisions are calculated on the basis of an assessment of recoverability, carried out through analysis of individual positions and overall degree of risk, taking into account guarantees and existing insurance covers.

Receivables due beyond one year, non-interest bearing or which mature interest below lower market rates are discounted using market rates.

Financial assets

The financial assets are recognised and unrecognised from the financial statements on the basis of the trading date and are initially measured at cost, including the transaction costs.

After initial recognition, the financial assets that Dada S.p.A. has the positive intention and ability to hold to maturity (securities held to maturity) are stated at amortised cost using the effective interest method, net of write-downs to reflect losses in value.

The financial assets other than those held to maturity are classified as held for trading or available-for-sale, and are measured at the end of each period at fair value.

When the financial assets are held for trading, the gains and losses deriving from the changes in the fair value are recognised in the income statement in the period; for the financial assets available-for-sale, the gains and losses deriving from the changes in the fair value are recognised directly to equity until they are sold or have incurred a loss in value; at that moment, the total gains and losses previously recorded under equity are recognised in the income statement of the period.

Cash and cash equivalents

The account relating to the cash and cash equivalents includes cash, bank current accounts and deposits repayable on demand and other highly liquid short-term financial investments readily convertible into cash and that do not have a significant risk in the change in value. They are recorded at their nominal value. For the purposes of the consolidated cash flow statement, cash and cash equivalents are recorded as available funds, as defined above, net of bank overdrafts.

Payables

Payables are recognised at their nominal value.

Bank loans

The interest bearing bank loans and overdrafts are recognised based on the amounts received, net of the cost of the operation and subsequently valued at amortised cost, using the effective interest rate method.

Instruments representative of shareholders' equity

Instruments representative of shareholders' equity issued by the Company are recognised based on the amount received, net of the direct issuing costs.

Provisions and funds for risks and charges

The provisions are recorded in the financial statements when the Company has a present obligation resulting from a past event and it is probable that the obligation must be met. The provisions are measured on the basis of the best estimate of the costs required to meet the obligation at the balance sheet date and are discounted when the effect is significant.

Operations in foreign currencies

The financial statements are presented in Euro, which is the company's operative currency. Transactions in foreign currency are initially recorded at the exchange rate (referred to the operative currency) at the transaction date. Monetary assets and liabilities in foreign currency are translated to the operative currency at the exchange rate at the balance sheet date.

All the exchange differences are recorded in the income statement, with the exception of the differences deriving from loans in foreign currencies to hedge a net investment in a foreign entity, which are recorded directly in equity until the net investment is sold, which are then recognised in the income statement. The deferred taxes attributable to exchange differences on these loans are also recorded directly in equity.

Revenue recognition

Revenues are recorded in accordance with the probability that the Company will receive economic benefits and the amount can be determined reliably. The revenues are measured at the fair value of the amount received, excluding discounts, premiums or other sales taxes. The following criteria are used for the recording of revenues in the income statement:

Sale of goods

The revenues are recognised when the company has transferred all of the significant risks and rewards connected to the ownership of the asset to the acquirer, generally on the shipping date of the goods.

Services

The revenues deriving from services are recognised on the provision of the service. When they relate to projects, the revenues are measured in proportion to the hours worked compared to the estimated hours on each contract.

When the outcome of the contract cannot be measured reliably, the revenues must be recognised only to the extent that the costs recognised will be recoverable.

Interest

Amounts are recorded as financial income in relation to interest income matured (using the effective interest method which is the rate that precisely discounts the expected future cash flows based on the expected life of the financial instrument to the net book value of the financial asset).

Dividends

Revenues are recorded when the right of the shareholders to receive the payment arises.

Pension provision and other post service benefits

These provisions and benefits are not financed. The expected cost of defined benefit plans are determined separately for each plan using the projected unit credit actuarial method. The gains and losses deriving from the actuarial calculation are recorded in the income statement as cost or income. These gains or losses are recorded on the basis of the average residual working life expected of the employees of the plan.

The pension costs relating to previous employment (past service cost) is recorded as a cost on a straight-line basis on the average maturity period of the benefit. If the benefits mature immediately after the introduction or the change of the plan, the pension cost relating to past services is recorded immediately.

The assets or liabilities relating to the benefits defined include the current value of the defined benefit obligations less any pension costs relating to past services not yet recorded, less the fair value of the assets to service the plan which will directly settle the obligations. The value of any asset is limited to the aggregate of any cost for past services not yet recorded and the current value of any financial benefit in the form of repayment from the plan or reduction in future contributions to the plan.

Share-based payments (stock options)

Operations settled with securities.

The cost of the operations with employees settled with securities for benefits granted after November 7, 2002 is measured with reference to the fair value at the assignment date. Fair value is calculated by an independent assessor using an appropriate valuation method. For further information, reference should be made to note 18.

The cost of the operations settled with securities, together with the corresponding increase in the net equity, is recorded in the period when the conditions relating to the reaching of the objectives and/or provision of the services are satisfied, and terminate at the date when the employees concerned have fully matured the right to receive the compensation ("maturity date"). The cumulative costs relating to these operations at each balance sheet date until the maturity date are compared to the maturity date and to the best estimates available of the number of participating instruments which will effectively mature. The cost or revenue recorded in the income statement for the year represents the change of the cumulative cost recorded at the beginning and at the end of the year.

No cost is recorded for the rights which have no definitive maturity, except in the case of rights whose assignment is subject to market conditions, which are treated as if they independently mature from the fact that the market conditions to which they are subject are complied with, provided that all the other conditions are satisfied. If the initial conditions are modified, a cost should be recorded assuming that these conditions are unchanged. In addition, a cost will be recorded for all changes which result in an increase in the total fair value of the payment plan, or which is in any case are favourable for employees; this cost is measured with reference to the date of the change.

If the rights are cancelled, they are treated as if they matured at the cancellation date and any costs not yet recorded against these rights are recorded immediately. However, if a right cancelled is replaced by a new right and this is recognised as a situation at the date on which granted, the right cancelled and the new right are treated as if it is a change to the original right, as described in the previous paragraph.

Income taxes

Current income taxes

Tax receivables and payables for the current and previous years are valued at the amount expected to be paid to / received from the tax authorities. The tax rates and regulations used to calculate such amounts are those issued or substantially issued as of the closing date of the financial statement.

Current income taxes relating to items recorded directly in equity are charged directly to net equity and not to the income statement.

Deferred income taxes

Deferred taxes are calculated using the liability method on temporary differences between values used for fiscal purposes and the assets and liabilities reported in the financial statements.

The deferred tax liabilities are recorded against all temporary taxable differences, with the exception of:

when the deferred tax liability derives from the initial recording of goodwill or of an asset or liability in a transaction which is not a business combination and that, at the time of the transaction, has had no effect on the profits for the year calculated in the accounts or on the profit or loss calculated for tax purposes:

with reference to temporary taxable differences associated to investments in subsidiaries, associated companies and joint ventures, where the temporary differences can be controlled and it is probable that they will not materialise in the foreseeable future.

Deferred tax assets are recorded against all temporary deductible differences and for the fiscal assets and liabilities carried forward, within the limit of the probable existence of adequate future fiscal profits which will result in the utilisation of the temporary deductible differences and of the fiscal assets and liabilities carried forward, except in the case where:

the deferred tax assets relate to the temporary differences deriving 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, has no effects on the year's profit calculated for the purposes of the financial statements or on profit or loss calculated for tax purposes;

with reference to temporary taxable differences associated to investments in subsidiaries, associated companies and joint ventures, deferred tax assets are recognised only when it is probable that the temporary deductible differences will reverse in the immediate future and that there are will be adequate fiscal profits against which the temporary differences can be utilised.

Use of estimates

The preparation of the financial statements and the relative notes in application of IFRS require that management make estimates and assumptions on the values of the assets and liabilities in the financial statements and on the disclosures relating to the assets and contingent liabilities at the balance sheet date. The actual results may vary from such estimates. The estimates are used to value the intangible and tangible assets subject to impairment tests as described above in addition to record provisions for risks on receivables, inventory obsolescence, amortisation and depreciation, write-down of assets, employee benefits and income taxes. The estimates and assumptions are reviewed periodically and the effects of all variations are immediately recognised in the income statement.

Transactions with group and related companies

The transactions with group and related companies are reported in the notes (note 19).

Seasonal activities

The principal activities of DADA are not impacted by seasonal factors which could influence the current results.

Change of accounting standards

The accounting standards adopted are in line with those of the previous year with the exception of the following new and revised IFRS standards and IFRIC interpretations. The adoption of these revised standards and interpretations had no effect on the financial statements of the Group, however some of them gave rise to additional disclosures.

IFRS 6 – Exploration for and Evaluation of Mineral Resources
The standard does not apply to the activities of the Group.

IFRIC 4 – Determining whether an Arrangement contains a Lease
The Group adopted from January 1, 2006, the interpretation IFRIC 4, which provides indications to establish whether a contract contains a lease. This change in the accounting principle did not generate significant impacts on the Group at December 31, 2006 or at December 31, 2005.

IFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
The standard does not apply to the activities of the Group.

IFRIC 6 - Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
The standard does not apply to the activities of the Group.

<u>Amendments</u>

IAS 19 Employee Benefits
From January 1, 2006, the Group adopted the amendments to IAS 19 and has consequently increased the disclosures relating to the performance of the assets and liabilities related to defined benefit plans as well as the assumptions relating to the cost components of these plans. The change to the accounting standard resulted in the introduction of additional disclosures for the years ended December 31, 2006 and 2005, but did not have any impact on the measurement and recognition, as the Group did not apply the new option which permits the recognition of actuarial gains and losses in an equity reserve.

IAS 21 (revised) The Effects of Changes in Foreign Exchange Rates
From January 1, 2006, the Group has adopted the changes to IAS 21. Consequently, all exchange differences deriving from a monetary item which constitutes part of a net investment in a foreign operation is recognised, in the consolidated financial statements, as a separate equity reserve, independent from the currency in which the monetary item is denominated. This change did not have significant effects at December 31, 2006 or at December 31, 2005.

IAS 39 The fair value option
IAS 39 was amended to limit the recourse to the option to designate any financial asset or financial liability measured at fair value with the differences recorded in the income statement. The group did not previously utilise this option and therefore the change had no effect on the financial statements.

IAS 39 Hedging of highly probable future intra-group operations
IAS 39 was amended in order to allow the foreign exchange risk relating to a highly probable future infra-group transaction to qualify as a cash flow hedge, provided that the transaction is in a different currency from the operational currency of the company involved in the transaction and that the exchange risk will generate an impact on the consolidated financial statements. As the Group currently does not have this type of transaction, the change had no effect on the financial statements.

IAS 39 – Financial Instruments: Measurement and recognition and IFRS 4 Changes to Insurance Contracts
The standard does not apply to the activities of the Group.

The Group chose not to apply in advance the following IFRS standards and IFRIC Interpretations, published but not compulsory at December 31, 2006:

IFRS 7 – Financial Instruments: Disclosures

Requires disclosure which permits the readers of the financial statements to assess the importance of Group financial instruments and the nature of the related risks to those financial instruments.

IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies

The standard does not apply to the activities of the Group.

IFRIC 8 – Scope of IFRS 2

The interpretation clarifies some aspects of IFRS 2 (Share-based payments).

<u>Amendments</u>

IAS 1 Presentation of Financial Statements

This change requires that the Group provides new disclosures which permits the readers of the financial statements to assess the objectives, policies and procedures of the Group with reference to the management of capital.

3. Other costs and revenues

3.1 Revenues

The table below reports the breakdown of revenues for the year 2006 compared to the previous year:

Description	31/12/2006		31/12/2005	
	Amount	%	Amount	%
Web Development Projects	1,899.38	2.77%	1,682.00	3.40%
Infrastructure Projects	3,366.20	4.91%	3,573.00	7.22%
Net marketing	902.29	1.31%	712.00	1.44%
VAS Mobile Revenues	43,587.24	63.52%	35,250.00	71.23%
VAS Web Revenues	3,172.92	4.62%	2,599.00	5.25%
Mobile Management	1,183.94	1.73%	1,296.00	2.62%
Online Advertising	5,391.56	7.86%	2,650.00	5.36%
Connectivity	937.11	1.37%	1,600.00	3.23%
Other	84.47	0.12%	124.00	0.25%
Purchase of services for companies of the Group	8,097.05	11.80%	0.00	0.00%
TOTAL	68,622.16		49,486.00	

The increase in revenues is described in the directors' report on operations. In particular, the significant increase in the value added services (Mobile and Web) of the Consumer Division is noteworthy.

The turnover of DADA S.p.A. took place almost entirely in Italy. In fact, the overseas activities are undertaken by the subsidiary companies Dadamobile S.p.A. and Dada USA Inc.

3.2 Other operating costs

The table below reports the breakdown of other operating costs for the year 2006 compared to the previous year:

Description	Balance at 31/12/06	Balance at 31/12/05	Change	Change %
Other taxes & duties deductible	16	6	10	166.67%
Other taxes & duties not deductible	47	26	21	80.77%
Other non-deductible costs				
Other operating charges		26	-26	-100.00%
Total	**63**	**58**	**5**	**8.62%**

3.3 Financial charges and income

The table below reports the breakdown of financial income for the year 2006 compared to the previous year:

Description	Balance at 31/12/06	Balance at 31/12/05	Change	Change %
Interest income from bonds	208	288	-80	-27.78%
Interest income from bank accounts	233	87	146	167.82%
Other interest income	144	1	143	14300.00%
Gain on sale of investments	1,968		1,968	
Total	**2,553**	**376**	**2,177**	**578.99%**

Financial income is comprised of the interest matured on bank accounts, interest matured on the bonds included in current assets and income deriving from gains on disposals and valuation of the investments in securities.

The gain of Euro 2 million relates to the sale of the investment Planetcom in July 2006 for a payment of Euro 2.5 million. This amount was fully received at the end of the year.

The Interest income includes the interest recharged to companies of the Group for existing loans.

The table below reports the breakdown of financial charges for the year 2006 compared to the previous year:

Description	Balance at 31/12/06	Balance at 31/12/05	Change	Change %
Interest on current accounts	-6	-1	-5	500.00%
Interest on loans	-13	-16	3	-18.75%
Bank charges and commissions	-132	-127	-5	3.94%
Other interest payable	-168	-232	64	-27.59%
Exchange gains	14	-6	20	-333.33%
Total	**-305**	**-382**	**77**	**-20.16%**

Financial charges mainly comprise bank interest matured on bank current accounts, medium-long term financing and commissions on credit card receipts and other bank charges. The exchange gains arise from the translation of trade accounts.

3.4 Provisions and write-downs

The table below reports the breakdown of the provisions and write-downs for the year 2006 compared to the previous year:

Description	Balance at 31/12/06	Balance at 31/12/05	Change	Change %
Doubtful debt provision	-369	-549	180	-32.79%
Other write-downs		-1,225	1,225	-100.00%
Total	**-369**	**-1,774**	**1,405**	**-79.20%**

For the write-down of receivables, reference should be made to note 13.

3.5 Amortisation and depreciation

The table below reports the breakdown of the amortisation and depreciation for the year 2006 compared to the previous year:

Description	31/12/06	31/12/05	Change	Change %
Depreciation of tangible assets	823	573	250	43.65%
Amortisation of development costs	1,566	1,353	213	15.74%
Amortisation of patents and trademarks	201	165	36	21.70%
Amortisation of the other intangible assets	242	148	94	63.58%
Total	**2,832**	**2,239**	**593**	**26.48%**

The increases are entirely related to the higher investments in intangible and tangible fixed assets in the year. For further information, reference should be made to the relative note.

3.6 Personnel costs

The table below reports the breakdown of personnel costs for the year 2006 compared to the previous year:

Description	Balance at 31/12/06	Balance at 31/12/2005	Change	Change %
Salaries and wages	6,457	4,062	2,395	58.96%
Social charges	1,751	1,177	574	48.77%
Employee leaving indemnities	336	219	117	53.42%
Total	**8,544**	**5,458**	**3,086**	**56.54%**

The national work contract applied is that for the commercial sector.

The movements in personnel of the DADA Group are shown in the table below:

Description	31/12/05	New entrants	Depart.	Other movements	31/12/06	Average
Executives	3	74	-18		59	31
White-collar	118				118	118
Total	**121**	**74**	**-18**	**0**	**177**	**149**

3.7 Non-recurring income

Operations discontinued:

Planet.com

On July 4, 2006, the Company formalised the sale of the full investment held in the company Planet.com S.p.A.. The sale was to the company Asteimmobili.it S.p.A. for a cash payment of Euro 2.5 million, of which Euro 2 million paid on July 4, 2006 and the remainder on September 30, 2006. Dada S.p.A. recorded a gain of Euro 1,968 thousand from the sale, classified under investment income.

3.8 Financial risks

Dada SpA main financial instruments include short-term bank deposits on demand, bank loans and investments of liquidity in treasury and corporate bonds. The objective of such instruments is to finance Group operational activities. The Group has various other financial instruments, such as trade payables and receivables, deriving from operational activity.

Currently, the company does not utilise derivative instruments to manage exposure to currency risks.

Dada Spa is exposed to various financial risks: interest risk, liquidity risk and credit risk.

Interest rate risk

The Group's exposure to the risk of changes in market rates is principally related to the bank debt represented by bank overdrafts and short-term loans at variable interest rates against which the company has not subscribed any hedging contract.

Liquidity risk

The liquidity risk is managed by the Company through the investment of liquidity in short term operations, such as insurance policies and bonds.

In order to optimise the utilisation of the group liquidity, a cash pool line was implemented with the subsidiaries Register.it Spa and Dadamobile Spa.

Utilisation of the short-term lines generally covers a minimal portion of the capital invested.

Credit risk

The exposure to the credit risk refers to trade and financial receivables.

Given the particular type of business, a significant part of trade receivables is concentrated with a limited number of clients, principally telephone carriers. This type of clientele is characterised by a high credit rating.

In relation to the financial receivables, the investment operations of the liquidity are made only with high standing banks.

Price risk

The company is not exposed to significant risks in relation to price fluctuations.

4. Income taxes

The table below reports the breakdown of income taxes for the year 2006, compared to the previous year:

Description	31/12/06	31/12/05	Change	Change %
IRAP	-649	-571	-78	13.66%
IRES	0	-1,115	1,115	-100.00%
Deferred tax income	1,399	2,106	-707	-33.57%
Total	**750**	**420**	**330**	**78.57%**

The movements in deferred tax assets in 2006 are shown in the table below:

Description	Balance at 31/12/2005	Increase for the year	Utilisation in the year	Other movements	Fiscal consolidation	Balance at 31/12/06
Deferred tax assets	4,506	2,417	-1,018	-33	-578	5,294
Total	**4,506**	**2,417**	**-1,018**	**-33**	**-578**	**5,294**

Deferred tax assets, recorded in the financial statements for Euro 5.3 million, originate from the temporary timing differences recoverable in the short-term relating to provisions made for write-downs on investments, doubtful debts and risks and charges, and all of the other temporary adjustments which will be recovered in future years (so-called "temporary difference"). In addition, deferred tax assets were recorded on the expected recovery of fiscal losses, as well as the temporary differences relating to the transitional adjustments to the international accounting standards.

It is noted that the tax losses carried forward amount to approximately Euro 16 million.

The utilisations relate to the fiscal charge for the period, while the increase was calculated on the basis of the criteria at the end of the previous year, on the basis of the recovery of the above mentioned items as resulting from the business plan prepared.

The deferred tax assets have been recorded, on a prudent basis, up to the amount for which there is reasonable certainty that they will be recovered.

It is also recalled that the DADA Group adhered to the tax consolidation regime, which includes, in addition to the Parent Company DADA S.p.A. (consolidating company), the subsidiary companies DadaMobile S.p.A., Clarence S.r.l. and Register.it S.p.A. (consolidated companies).

5. Plant and machinery

The movements in tangible assets in 2006 are shown in the table below:

Description	Values at 31/12/05	Increases	Decreases	Other movements	Depre-ciation	Values at 31/12/06
EDP	1,837	1,400			-743	2,494
Furniture and fittings	170	87			-55	202
Others	3	25			-25	3
Total	**2,010**	**1,512**			**-823**	**2,699**

The increase in the year is principally due to the purchase of a server for the internet and the installation of new equipment for the enlargement of the farm server, represented by servers, networking and storage systems.

6. Intangible assets

The movements in intangible assets in 2006 are shown in the table below:

Description	Value at 31/12/05	Increases	Decreases	Other move-ments	Amort.	Values at 31/12/06
Goodwill	899	0	0	0	0	899
Total goodwill	899	0	0	0	0	899
Development expenses on products/services	2,545	2,869	0	0	-1,566	3,848
Concessions, licenses, trademarks	315	342	0	0	-201	456
Others	333	568	0	0	-242	659
Total intangible assets	3,193	3,779	0	0	-2,009	4,963
Total	**4,092**	**3,779**	**0**	**0**	**-2,009**	**5,863**

The goodwill recorded in the accounts relates to the merger difference arising following the incorporation of the company Wireless Solutions S.p.A. in the previous year.

The increase in the "development expenses on products/services" refers to the capitalisation of the costs incurred for the development of the new products and services prevalently relating to the portals and Consumer Services. These assets relate to the portfolio of "Community & Entertainment" fee-based products and services via web and via mobile, through the single SMS numbers of the Operators.

In relation to this, the expenses incurred for the product Dada.net in the Consumer division are noted.

Reference should be made to the information on the Consumer business described in the section on segment activities.

The capitalisation is made based on their future profitability and in accordance with the criteria established by international accounting standards.

Their recognition is supported by a careful evaluation in order to determine the future economic benefits connected to these services.

The amortisation is made on a straight-line basis over a period of 5 years.

The account "others" is prevalently comprised of the software acquired by the company, expenses for the registration of the brands and licences which are amortised on a straight-line basis over five years.

7. Equity investments

The composition and movements of the investments in associated companies and non-consolidated subsidiary companies is shown in the table below:

Description	31/12/05	Increases	Decreases	31/12/06
Investments in subsidiary companies	27,543	1,483	-532	28,494
Total investments in subsidiary companies	**27,543**	**1,483**	**-532**	**28,494**
Loans to subsidiaries	0	8,000		8,000
Guarantee deposits	89	33	-4	118
Total financial assets	**89**	**8,033**	**-4**	**8,118**
Total	**27,632**	**9,516**	**-536**	**36,612**

The loans for Euro 8 million are those provided to the companies and the Group to sustain the investments during 2006. In particular, the loans were provided to the American subsidiary DADA USA Inc. for the acquisitions of Upoc. Inc. and Tipic Inc.

The interest which matured on these loans is regulated at normal market conditions.

The movements of the investments in subsidiary companies are shown in the following table:

Company	Values at 31/12/05	Increases	Decreases	Values at 31/12/06	% held
Planet.com S.p.A.	532		-532	-	
Register.it SpA	14,596	712		15,308	100%
Softec S.p.A.	359	2		361	50%
Dadamobile S.p.A.	12,056	10		12,066	100%
Media Dada Science & Development Co. Ltd	-	759		759	100%
Total	**27,543**	**1,483**	**-532**	**28,494**	

The Company Planetcom S.p.A. was sold in July for a payment of Euro 2.5 million. The sale gave rise to a gain recorded in the income statement of approximately Euro 2 million. The sales price was fully received at the end of the year.

The Company Media DADA Science & Development Co. Ltd with registered offices in Peking was incorporated on December 10, 2006. The Company was not operational at the balance sheet date.

In August, the agreement was signed for the remaining 3% of the investment in the company Register.it S.p.A. for a total payment of Euro 0.6 million.

The other movements relate to the investments Register.it Spa, Dadamobile Spa and Softec Spa, principally including the increase in the investments following the recording of the stock options assigned to executives of the DADA Group and in the equity account "Other financial instruments representing equity", in accordance with IFRS 2.

The impairment test is made on an annual basis on the preparation of the annual accounts. The recoverable value of this investment was verified through the determination of the value in use based on the Discounted Cash Flow. In particular the following was applied:

- the value of the investment of the company Register.it Spa was verified through the projected cash flow method contained in the three-year financial plan of the company. This plan was taken from the budget of the company, forecasting annual growth rates of 5-7% and a discount rate of 10.54%;
- the value of the investment of the company Dadamobile Spa was verified through the projected cash flow method contained in the three-year financial plan of the sub-consolidated Dadamobile Spa. This plan was formulated commencing from the budget relating to the sub-consolidated Dadamobile SpA, forecasting an annual growth rate of 5-7%. The discount rate utilised was equal to 10.54%.

The verification made at December 31, 2006 confirmed that it was not necessary to make any changes to the values recorded in the accounts.

8. Other financial assets

The balance of financial assets is composed of:

Description	Balance at 31/12/06	Balance at 31/12/05	Change	Change %
Bonds	2,372	9,272	-6,900	-74.42%
Financial receivables	69	37	32	86.49%
Total	**2,441**	**9,309**	**-6,868**	**-73.78%**

The account “financial receivables” in 2005 included a restricted bank account of Euro 2,500 thousand, which related to a guarantee received from a primary Credit Institution in relation to the purchase of the investment in Register.it S.p.A. in the previous year. This deposit is no longer restricted following the payment of the final instalment of the plan.

The securities, which represent financial assets held for trading, consist of the investment of the liquidity of the Group. The investments relate to:

- structured bonds issued by the Dresdner Bank of Euro 0.5 million for a 3 year period, payable at 30 days notice. Guaranteed minimum return 2.5%;

- Top propensity investment of Euro 1.8 million; this relates to an insurance policy with an annual return of 2.2% net and payable on demand.

The short-term asset management bonds, recorded in the financial statements at December 31, 2005 for Euro 2.6 million, was sold on June 7, 2006 for a similar value.

The MPS Alternative Defensive funds, recorded in the financial statements at December 31, 2005 for an amount of Euro 4.3 million, were sold on March 30, 2006 for approximately Euro 4.4 million.

The income from the sale of the above securities was recorded in the account “financial income”. All of these investments are characterised by short-term payment on demand and low risk profile.

These securities are measured at market value (fair value), represented by the quotations obtained from the issuers.

9. Share-based payments

The share-based payments (Stock Options) are described in detail in the directors' report.
The salient features of the DADA SpA plans at December 31, 2006 were as follows:

Salient features	Plan of 20/06/2005	Plan of 03/02/2006	Plan of 16/03/2006	Plan of 28/07/2006
Duration of plan	2006-2008	2009-2012	2007-2009	2009-2012
Total options issued	326,206	700,700	33,000	55,000
Total residual options at 31/12/2006	231,918	700,700	33,000	55,000
Value of issue	10.82	14.782	15.47	16.92

The data utilised in the valuation models of the four plans are shown below:

Data used for the valuations	Plan of 20/06/2006	Plan of 03/02/2006	Plan of 16/03/2006	Plan of 28/07/2006
Valuation Date	Issue of plan	Issue of plan	Issue of plan	Issue of plan
Model utilised	Binomial	Binomial	Binomial	Binomial
Percentage of annual exit	5%	5%	5%	5%
Expected volatility		23,50%	31-36%	29,07%
Interest rate without risk	Zero coupon on spot interest curve	Zero coupon on spot interest curve	Zero coupon on spot interest curve	Zero coupon on spot interest curve
Estimated dividends	nil	nil	nil	nil
Maturity conditions	none	90% Ebitda 2008	none	90% Ebitda 2008

The expected volatility reflects the assumptions that the historical volatility is indicative of future trends which may not coincide with the actual outcome.

The fair value of the plans is measured at the assignment date.

10. Pensions and other employee post service benefits

The movement of the employee leaving indemnity is shown in the table below:

Description	Balance at 31/12/2005	Increase for the year	Utilisation in the year	Interest charge on liability	Balance at 31/12/2006
Employee leaving indemnities	837	336	-72	-12	1,089
Total	**837**	**336**	**-72**	**-12**	**1,089**

The provision at December 31, 2006 of Euro 1.1 million reflects the indemnity matured in favour of employees, in conformity with legislation and collective employment contracts.

In accordance with international accounting standards, the obligation was calculated through the projected unit credit method which considers each employment period a source of an additional unit of benefit and separately measures each unit in order to calculate the final obligation.

This calculation was made by an independent actuary. The method used can be summarised in the following points:

- projection for each employee in service at December 31, 2006 of the employee leaving indemnity matured up to the estimated time of pension;

- determination for each employee in service at December 31, 2006 and for each year up to the estimated time of pension, the probable employee leaving indemnity payments which will be made by the Company in the case of the employee leaving due to redundancy, dismissal, resignation, death and pension;

- discounting, at the measurement date, of each probable payment;

- proportionately, for each employee in service at December 31, 2006, of the payments, estimated and discounted, based on the years matured at the measurement date compared to the years matured at the date of each probable payment.

In particular, the assumptions adopted were as follows:

DIRECTORS' REPORT	31/12/2006
Mortality table	SIM/F 1998
Reduction of mortality table	20.00%
Rate relating to advanced request by EXECUTIVES	1.00%
Rate relating to advanced request by EMPLOYEES	1.00%
Rate relating to advanced request by TRAINEES	0.00%
Growth rate of salaries of EXECUTIVES	4.00%
Growth rate of salaries of EMPLOYEES	3.50%
Growth rate of salaries of TRAINEES	2.10%
Future inflation rate	2.10%
Discount rate	4.10%
Rate relating to advance departure of EXECUTIVES	0.50%
Rate relating to advance departure of EMPLOYEES	4.00%
Rate relating to advance departure of TRAINEES	0.50%

11. Inventories

The balance of inventories consists of:

Description	Balance at 31/12/06	Balance at 31/12/05	Change	Change %
Work-in-progress	111	371	-260	-70%
Total	111	371	-260	-70%

The final inventories relate to the work in progress for projects not yet completed as at December 31, 2006. The criteria utilised for this measurement is the percentage of completion method.

12. Trade and other receivables

The balance of trade receivables consists of:

Description	Balance at 31/12/06	Balance at 31/12/05	Change	Change %
Trade receivables Italy	25,767	18,316	7,451	41%
Trade receivables from subsidiaries	18,954	2,486	16,468	662%
Financial receivables from subsidiaries	4,987	654	4,333	663%
Holding companies	-	1	-1	-100%
Less: bad debt provision	-1,720	-1,635	-85	5%
Total	**47,988**	**19,822**	**28,166**	**142%**

The level of trade receivables is in line with Group operations in 2006. The average collection period for trade receivables is 120 days.

It is also recalled that a significant part of trade receivables is concentrated among a limited number of clients, principally telephone carriers.

Given the nature of the principal clients there was a general increase in the average collection period, however these companies are characterised by high credit ratings.

The movement in the provision for doubtful debts is summarised in the following table:

Description	Balance at 31/12/2005	Increase for the year	Utilisation in the year	Other movements	Balance at 31/12/06
Bad debt provision	1,635	369	-388	104	1,720
Total	**1,635**	**369**	**-388**	**104**	**1,720**

The increase in the provision reflects the necessity to write-down, on a prudent basis, several positions which have arisen in the year as a consequence of the economic/financial difficulties of some clients.

The utilisations relate to positions closed in the year for which either recognition was made of the impossibility to recover the amount or a decision made relating to the settlement with the debtor.

The provision as at December 31, 2006 is considered adequate to meet the potential losses relating to the entirety of trade receivables.

There are no trade receivables due over one year for which it would be necessary to record a financial loss.

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

There are no receivables over 5 years.

The table below shows the composition of other receivables:

Description	Balance at 31/12/06	Balance at 31/12/05	Change	Change %
Receivables from tax authorities	786	196	590	301%
Advances to suppliers	43	43	0	0%
Other receivables	346	295	51	17%
Accrued income	4,320	2,582	1,738	67%
Total	**5,495**	**3,116**	**2,379**	**76%**

The accrued income principally relates to the subscription services in the Consumer division, recording the revenues in the income statement on an accruals basis.

This accrued income is calculated on the basis of the historical LTV (life time value) of the users purchasing fee-based services. Prudently, this amount is estimated as not greater than 6 months (depending on the purchase period).

In addition, this account includes telephone carrier fees referring to two accounting periods.

The account "other receivables" includes deposits paid to the various authorities relating to domain registration activity. Tax receivables include the payments on account for Irap regional tax of Euro 557 thousand and Euro 229 thousand of withholding taxes and other tax credits.

13. Cash and cash equivalents

The composition of the liquidity is shown in the table below:

Description	Balance at 31/12/06	Balance at 31/12/05	Change	Change %
Bank and postal deposits	4,255	11,300	-7,045	-62.35%
Cash and cash equivalents	42	3	39	1300.00%
Total	**4,297**	**11,303**	**-7,006**	**-61.98%**

The balance represents the liquidity and cash balances at December 31, 2006.

The yield on bank deposits, prevalently relating to one Credit Institution, is equal to Euribor at three months -0.3.

For further information relating to the liquidity movements in the year, reference should be made to the Directors' Report on operations and to the Cash Flow Statement.

A large part of the reduction of the cash is due to the investment activity during the year. In particular, loans were provided to companies of the Group for the acquisition of the companies Tipic Inc. and Upoc Inc. Further utilisation of cash relates to the acquisition and investments of plant and machinery and other intangible assets.

14. Share capital and reserves

The share capital of Dada S.p.A at December 31, 2006 is made up of 15,968,058 ordinary shares, of a nominal value of Euro 0.17, for a total value of Euro 2,714 thousand. During the year, the share capital increased by Euro 22 thousand due to the subscription of the reserved share capital increase for employees of Dada S.p.A. (stock option).

The movements in net equity in the year are shown in the table at page 94.

Description	Amount	Possibility of utilisation	Distrib. portion	Summary of utilisations made in the three previous years	
				to cover losses	for other reasons
Share capital	2,715				
Capital reserves:					
Share premium reserve	29,493	A-B-C	29,493	31,670	
Other reserves	4,723	A-B-C	4,723		
IAS reserve	4,355				
Profit reserves:					
Legal reserves	538	B	538		
Total			**34,754**		
Non-distributable quota			538		
Residual quota distributable			**34,216**		

*** Possibility of utilisation:**
Legend:
A: for share capital increase
B: to cover losses
C: for distribution to shareholders

It is recalled that the financial statements of DADA S.p.A. were prepared in accordance with IAS/IFRS international accounting standards. The transition document was approved together with the half-year report and to which reference should be made. Attached to the present financial statements, at page 123, we report the reconciliation between the statutory and IAS financial statements of DADA S.p.A. at December 31, 2005.

15. Loans and financing

The composition is shown in the following table:

Details of the loans of DADA S.p.A. at December 31, 2006:

Company	Bank	Initial balance	Residual amount at 31/12/2006	Loan Duration	Rate	Expiry
Dada SpA	Banca Toscana	1,200	255	5 years	euribor 6 months + 0.60p	31/12/07
Total		**1,200**	**255**			

The portion of the loan is fully classified under short-term as the residual repayments are all due within one year.

16. Provisions for risks and charges

The following table shows the movements in the year in the provisions for risks and charges:

Description	Balance at 31/12/2005	Increase for the year	Utilisation in the year	Other movements	Balance at 31/12/06
Provisions for risks and charges	688	-	-29	-	659
Total	**688**	**-**	**-29**	**-**	**659**

The provisions for risks and charges were created against probable liabilities arising from contractual and legal disputes.

The utilisations in the period relate to the settlement of disputes. The increases relate to new disputes and litigation arising in the year.

The provision for risk and charges at December 31, 2006 consists of Euro 345 thousand for labour disputes and Euro 214 thousand for disputes of an operational nature and Euro 100 thousand for other disputes.

No detailed information is given on the specific positions in order not to prejudice the outcome of the proceedings in course.

17. Trade and other payables

The breakdown of the payables is as follows:

Description	31/12/06	31/12/05	Change	Change %
Payables:				
Banks	453	243	210	86.42%
Bank overdrafts payable within one year	**453**	**243**	**210**	**86.42%**
Trade payables	22,394	14,317	8,077	56.42%
Subsidiaries - commercial	21,627	3,675	17,952	488.49%
Subsidiaries - Financial.	5,854	11,810	-5,956	-50.43%
Holding companies	68	0	68	
Trade payables	**49,943**	**29,802**	**20,141**	**67.58%**
Tax payables	1,424	1,445	-21	-1.45%
Tax payables	**1,424**	**1,445**	**-21**	**-1.45%**
Others	2,677	4,046	2,677	66.16%
Social security contributions	435	295	140	47.46%
Deferred income	635	821	-186	-22.66%
Other payables	**3,747**	**5,162**	**2,631**	**11.540**
Total	**55,567**	**36,652**	**22,961**	**62.65%**

"Bank payables" consist principally of bank overdrafts repayable on demand of Euro 453 thousand, and the short-term portion (repayable within one year) of bank loans amounting to Euro 255 thousand.

The account "trade payables" includes the amounts related to purchases of a commercial nature and other costs. The Company estimates that the book value of trade and other payables approximates their fair value. The increase is strictly related to the growth in the business activities of DADA S.p.A..

"Tax payables", amounting to Euro 1.4 million, include withholding taxes on salaries and consultants and current taxes for the year, principally relating to IRAP regional tax.

The account "Other payables" includes:

- employee payables for the month of December, the accrual on the "fourteenth" month and vacation days matured;
- the payables for the share capital to be subscribed relating to the company Media Dada Science & Development Co. Ltd with head offices at Peking . It is recalled that this company was not operative at December 31, 2006;

Compared to December 31, 2005, the instalments for the purchase of a further holding in the company Register.it were paid. The payable was settled at December 31, 2006.

Deferred income originates from the accruals on connectivity, housing and other resale services deferred to future periods.

18. Commitments and risks

The composition is shown in the following table:

Description	31/12/06	31/12/05	Change	Change %
Sureties	3,727	2,953	774	26.21%
Leased assets	-	-	-	-
Total	**3,727**	**2,953**	**774**	**26.21%**

The sureties given at December 31, 2006 amounting to Euro 3.7 million (compared to Euro 3 million at December 31, 2005) are recorded for the amount guaranteed.

The most significant increases relate to the acquisitions of investments in 2006, and in particular:

- Guarantees for the payment of the residual part of Tipic Inc. given by DADA S.p.A. for a total amount of Euro 2,925;
- Guarantees for the payments due relating to Register.it in 2005, at December 31, 2006, the amount still outstanding was Euro 416 thousand. This guarantee expired in January simultaneous with the payment of the final instalment.

No potential commitments exist that are not recorded in the balance sheet.

19. Transactions with related parties

The transactions with related parties relate to normal operations and are conducted at normal market conditions.

The company undertakes commercial transactions consisting of the acquisition and purchase of services, with subsidiary companies and with companies belonging to the RCS group, which has a 44.2% shareholding in DADA. The following table indicates the transactions with companies of the group and the balance sheet and income statement values in 2006 between companies of the Dada Group and "related parties".

The following tables show the composition of the transactions with related parties:

Trade receivables – related parties

(Amounts expressed in Euro/thousands)

Description	Trade receivables	Other receivables	Total trade receivables
Softec SpA	131	-	131
Clarence Srl	96	124	220
Register.it SpA	478	1,158	1,636
DadaMobile SpA	17,105	3,704	20,809
Dada USA Inc	1,144	-	1,144
Total	18,954	4,986	23,940
RCS Group	1,655		1,655
Total	1,655	0	1,655
Total	**20,609**	**4,986**	**25,595**

Trade receivables – related parties

(Amounts expressed in Euro/thousands)

Description	Trade payables	Other Payables	Total trade payables
Softec SpA	1,230	-	1,230
Clarence Srl	680	-	680
Register.it SpA	360	5,854	6,214
DadaMobile SpA	19,357	100	19,457
Dada USA Inc	-	-	-
Total	21,627	5,954	27,581
RCS Group	2,125		2,125
Total	2,125	-	2,125
Total	**23,752**	**5,954**	**29,706**

Transactions with related parties

Company	Revenues	Costs	Financial income	Financial Charges
Softec SpA	102	1,872	-	-
Clarence Srl	86	325	-	-
Register.it SpA	513	311	-	168
DadaMobile SpA	14,789	15,142	-	-
Dada USA Inc	574	-	107	-
Planet.com SpA	5			
Total	**16,069**	**17,651**	**107**	**168**
RCS Group	2,530	2,229		
Total	2,530	2,229		
Total	**18,599**	**19,879**	**107**	**168**

The transactions of Dada S.p.A. with subsidiaries and associated companies, disclosed in the notes to the financial statements of the parent company in the individual accounts of the balance sheet and income statement, principally relate to:

- transactions related to contracts for the provision of centralised services;
- transactions of a financial nature, relating to loans and cash pooling in relation to the treasury financial management;
- transactions of a fiscal nature deriving from the national consolidated fiscal regime, with the objective of neutrality and parity of treatment.

The transactions with related parties also include the interest on bank accounts managed in cash pooling for a total amount of Euro 168 thousand, as well as the interest income matured on the loans provided to the American company DADA USA Inc.

In accordance with IAS 24, the following information is provided in relation to the remuneration of the directors of the group with strategic responsibilities in the various forms in which they are paid (short-term benefits, service benefits, long-term benefits, leaving indemnities and share-based payments) for the year 2006 and the year 2005.

Description	31/12/2006		31/12/2005		Other financial instruments represented by equity
	Service costs	Personnel costs	Service costs	Personnel costs	
Directors fees :					
- Emoluments for office	487	6	435	-	
- Bonus and other incentives	248	325	93	8	
- Non-monetary benefits	5	7			
- Other remuneration		399		593	
- Share-based payments	253	240		43	
Total related parties	**993**	**977**	**528**	**644**	-

For further information in relation to the directors and executives with strategic responsibility, reference should be made to the directors' report.

Allocation of the result for the year

The net profit for the year of Euro 7,266,833 is allocated as follows: Euro 363,341.65 to the legal reserve and Euro 6,903,491.35 to the extraordinary reserve.

Florence, April 20, 2007

For the Board of Directors

The Chairman, Paolo Barberis

ATTACHMENT 1

SCHEDULE OF RECONCILIATION BETWEEN THEORETICAL AND FISCAL CHARGE AS AT DECEMBER 31, 2006

(Euro/thousands)

Income tax	2006
Profit before taxes	6,517
Theoretical tax charge	2,150
Permanent differences	-924
Temporary differences	-3,041
Difference in IAS temporary adjustments	533
Assessable tax	3,085
Total current taxes	1,018
IRAP	**2006**
Difference between value and cost of production	4,269
Non relevant costs for IRAP	9,719
Theoretical tax base	13,988
Theoretical tax	594
Permanent differences	1,054
Temporary differences	48
Difference in IAS temporary adjustments	361
Recovery from prior years	-189
Taxable income	15,263
Total current taxes	649

ATTACHMENT 2
The deferred tax assets and liabilities are shown below

	Income tax	
	Year 2006	
	Amount of temporary difference	**Fiscal effect (rate %)**
Deferred tax asset:		
Sales representatives expenses	74	24
Bad debt provision not deductible	1,394	460
Amortisation of Trademarks	6	2
Write-down in subsidiaries	1,490	492
Deferred tax on IAS differences	370	122
Total	**3,334**	**1,100**
Deferred tax asset relating to fiscal losses for the year		-
Deferred tax asset relating to fiscal losses in prior years	12,649	4,174
Effect on accounts	**15,983**	**5,274**

	Regional tax	
	Year 2006	
	Amount of temporary difference	**Fiscal effect (rate %)**
Deferred tax asset:		
Deferred tax on IAS differences	460	20
Amortisation of Trademarks	6	0
Effect on accounts	**466**	**20**

Total deferred tax asset (IRAP +IRES)	**16,449**	**5,294**

ERNST & YOUNG

Reconta Ernst & Young S.p.A.

DADA S.P.A.

BILANCIO D'ESERCIZIO AL 31 DICEMBRE 2006

RELAZIONE DELLA SOCIETÀ DI REVISIONE

ERNST & YOUNG

Reconta Ernst & Young S.p.A.
Piazza della Libertà, 9
50129 Firenze

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www.ey.com

Relazione della società di revisione
ai sensi dell'art. 156 del D. Lgs. 24.2.1998, n. 58

Agli Azionisti della Dada S.p.A.

1. Abbiamo svolto la revisione contabile del bilancio d'esercizio, costituito dallo stato patrimoniale, dal conto economico, dal prospetto dei movimenti del patrimonio netto, dal rendiconto finanziario e dalle relative note esplicative, della DADA S.p.A. chiuso al 31 dicembre 2006. La responsabilità della redazione del bilancio compete agli amministratori della DADA S.p.A.. E' nostra la responsabilità del giudizio professionale espresso sul bilancio e basato sulla revisione contabile. Il suddetto bilancio d'esercizio è stato preparato per la prima volta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs n. 38/2005.

2. Il nostro esame è stato condotto secondo i principi e i criteri per la revisione contabile raccomandati dalla CONSOB. In conformità ai predetti principi e criteri, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio d'esercizio sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.

   Il bilancio d'esercizio presenta ai fini comparativi i dati corrispondenti dell'esercizio precedente, predisposti in conformità ai medesimi principi contabili. Inoltre, l'allegato "Documento di transizione ai principi contabili internazionali" illustra gli effetti della transizione agli International Financial Reporting Standards adottati dall'Unione Europea ed include le informazioni relative ai prospetti di riconciliazione previsti dal principio contabile internazionale IFRS 1, precedentemente approvati dal Consiglio di Amministrazione e pubblicati in appendice alla relazione semestrale al 30 giugno 2006, assoggettati a revisione contabile, per i quali si fa riferimento alla relazione di revisione emessa da altro revisore in data 4 ottobre 2006.

3. A nostro giudizio, il bilancio d'esercizio della DADA S.p.A. al 31 Dicembre 2006 è conforme agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs n. 38/2005; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria, il risultato economico, le variazioni del patrimonio netto ed i flussi di cassa della Dada S.p.A. per l'esercizio chiuso a tale data.

Firenze, 3 aprile 2007

Reconta Ernst & Young S.p.A.

Fulvio Favini
(Socio)

Reconta Ernst & Young S.p.A.
Sede Legale: 00196 Roma - Via G.D. Romagnosi, 18/A
Capitale Sociale € 1.259.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.I. 00891231003
(vecchio numero R.I. 6697/89 - numero R.E.A. 250904)

Ernst & Young

Reconta Ernst & Young S.p.A.

DADA S.p.A.

BILANCIO CONSOLIDATO AL 31 DICEMBRE 2006

RELAZIONE DELLA SOCIETÀ DI REVISIONE

ERNST & YOUNG

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Piazza della Libertà, 9
50129 Firenze

Tel. (+39) 055 552451
Fax (+39) 055 5524850
www.ey.com

Relazione della società di revisione
ai sensi dell'art. 156 del D. Lgs. 24.2.1998, n. 58

Agli Azionisti della Dada S.p.A.

1. Abbiamo svolto la revisione contabile del bilancio consolidato, costituito dallo stato patrimoniale, dal conto economico, dal prospetto dei movimenti del patrimonio netto, dal rendiconto finanziario e dalle relative note esplicative, della Dada S.p.A. e sue controllate ("Gruppo Dada") chiuso al 31 Dicembre 2006. La responsabilità della redazione del bilancio compete agli amministratori della Dada S.p.A.. E' nostra la responsabilità del giudizio professionale espresso sul bilancio e basato sulla revisione contabile.

2. Il nostro esame è stato condotto secondo i principi e i criteri per la revisione contabile raccomandati dalla CONSOB. In conformità ai predetti principi e criteri, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio consolidato sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.

   Per il giudizio relativo al bilancio consolidato dell'esercizio precedente, i cui dati sono presentati ai fini comparativi, si fa riferimento alla relazione emessa da altro revisore in data 6 aprile 2006.

3. A nostro giudizio, il bilancio consolidato della Dada S.p.A. al 31 dicembre 2006 è conforme agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs n. 38/2005; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria, il risultato economico, le variazioni del patrimonio netto ed i flussi di cassa del Gruppo Dada per l'esercizio chiuso a tale data.

Firenze, 3 aprile 2007

Reconta Ernst & Young S.p.A.

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Sede Legale: 00196 Roma - Via G.D. Romagnosi, 18/A
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P.I. 00891231003
(vecchio numero R.I. 6697/89 - numero R.E.A. 250904)

TRANSITION DOCUMENTS TO THE IAS/IFRS OF DADA S.P.A.,
OPENING BALANCE SHEET AS AT 1/1/05
BALANCE SHEET AND INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER, 2005

Registered Offices: Viale Giovane Italia, 17 - Florence
Share capital Euro 2,736,503.43 full paid-in
Florence Company Registry Office no. F1017-68727-REA 467460
Fiscal code/Vat no. 0462827482

CONTENTS

Summary of principle International Accounting Standards

The present document constitutes the formalisation of the transition process to the IFRS (International Financial Reporting Standards) for DADA S.p.A..

Legislative Decree No. 38 of February 2005 governs, for companies whose shares are traded on regulated markets in the European Union, the obligation to prepare financial statements in accordance with IAS (International Accounting Standard) and IFRS (International Financial Reporting Standard) issued by the IASB (International Accounting Standard Board) and standardized by the EU.

Dada S.p.A. has adopted these accounting standards as from the financial statements for the year 2006.

The transition date to the IAS/IFRS international accounting standards is January 1, 2005. In accordance with Consob communication No. DEM/6064313 of July 28, 2006, the financial statements in the present transition document are accompanied by the information requested by IFRS 1, paragraphs 39 and 40, together with the explanatory notes of the criteria for the presentation and the accounts attached to the reconciliations.

The present transition report to the international accounting standards have been subject to a full audit by Deloitte & Touche S.p.A..

The financial statements and the reconciliations were prepared only for the preparation of the first full financial statements at December 31, 2006, in accordance with IFRS standardised by the European Commission, and do not include comparative data and the necessary explanatory notes that would be required to represent in a true and fair manner the balance sheet, financial position and consolidated result of the company, in conformity with IAS/IFRS standards.

The options adopted by DADA S.p.A. on the first-time adoption of the international accounting standards in accordance with IFRS No. 1 are shown below.

General considerations:

The reconciliation schedules of the present document are solely prepared for the purposes of the completion and formalisation of the transition process to the international accounting standards for the preparation of the first financial statements in accordance with IAS/IFRS.

Therefore, the financial statements at December 31, 2006 will consist of the values which will be published, only for comparative purposes, in the financial statements as at December 31, 2006.

In addition, these schedules, as prepared only for the above purposes, do not include comparative information and the relative notes that would be necessary to provide a true and fair view of the equity and financial position of DADA S.p.A. in conformity with IFRS standards. The full information will be available in the consolidated financial statements as at December 31, 2006.

Finally, the figures in the present document could incur changes in relation to subsequent and different interpretations and integrations by the accounting setting bodies.

IAS 1) Presentation:

The opening balance sheet at January 1, 2005 was prepared in accordance with IFRS 1 and presents the following differences compared to the financial statements at December 31, 2004:

- all the assets and liabilities which are required to be recognised by IFRS are recorded and measured in accordance with those standards;
- all the assets and liabilities which are required to be recorded by Italian GAAP, but not permitted by IFRS, were eliminated;
- reclassifications of some accounts were made in accordance with IFRS classifications;

The effects of these adjustments were recognised in the opening shareholders' equity at January 1, 2005.

IAS 1, differing from Italian GAAP, does not require standard financial statement reporting formats but rather minimum information.

For the balance sheet, the statement used by Dada S.p.A. is that shown as an attachment and is divided into two asset macro groups consisting of "non-current assets" and "current assets", and for liabilities into three macro groups consisting of "shareholders' equity", " non-current liabilities" and "current liabilities".

For the income statement, the statement used by Dada S.p.A. is shown as an attachment and reports the classification of the account "by nature". The main aggregated accounts reported are "revenues for the year", "Ebit" and "net profit/(loss) for the year". In accordance with IAS 1, extraordinary revenues/costs are classified in the operating result. Detailed information is provided on operations of a special nature or size.

IAS 16) Tangible fixed assets (cost criteria)

The accounting standard for the subsequent measurement of the assets provides for two different alternative accounting treatments: that of cost and of revaluation (fair value).

DADA S.p.A. opted for the cost criteria, adjusting the depreciation calculated in relation to the useful life of the asset.

IAS 19) Employee benefits (Employee Leaving Indemnity)

In accordance with international accounting standards, employee leaving indemnity is considered as similar to a post employment benefit and in particular to a defined benefit plan.

In accordance with this approach, it is not permitted to record the amount matured in accordance with the statutory provisions in the financial statements, as if all the employees terminated their employment at the balance sheet date.

The value of the employee leaving indemnity matured will be calculated in accordance with the "projected unit credit method", which consists of the projection of the amount matured to the date of the termination of employment, discounting the consequent cash flows.

For DADA S.p.A., this calculation was determined by an independent actuary based on the calculation of internal and external information to the Company.

IAS 27 and 28 – Equity investments in subsidiaries and associates

As per IAS 27 and 28, the investments in subsidiaries and associated companies can be measured at cost or in accordance with IAS 39. Dada S.p.A. has chosen to adopt the cost method. Consequently, at the transition date to the international accounting standards, all the investments in subsidiaries and associated companies were subject to an impairment test, and where the result of the test supported the valuation of the historical cost, the provisions recorded as per the previous accounting principles were reversed.

IAS 36) Impairment test

In accordance with international accounting standards, the goodwill is the amount by which the purchase cost exceeds the net equity. This excess is justified by the expectation of obtaining future economic benefits, which can derive from the synergies between the identifiable activities acquired or from the activities which, individually, do not have the characteristics to be recorded in the financial statements.

The standard requires that at the balance sheet date subsequent to the recording of the goodwill under assets, an impairment test should be carried out, undertaking a careful review of any changes in the factors and variables taken into consideration at the time of the original recognition.

An evaluation was made to verify the recovery of the investments by preparing financial and cash flow forecasts, on the basis of the best information currently available and approved. These valuations were based on impairment tests, expert opinions and sector analysis.

IAS 38) Intangible assets

The accounting standard contains some differences compared to Italian GAAP. In particular "start-up costs of a new activity", "advertising and promotional expenses", leasehold improvements which are not identifiable, deferred charges and research expenses are not capitalised and therefore must be fully charged to the income statement.

These adjustments were recorded as changes to the opening balance sheet at January 1, 2005.

SUMMARY OF ACCOUNTING PRINCIPLES ADOPTED BY DADA S.p.A.

Non-current assets held for sale

The non-current assets (and group of assets for sale) classified as held for sale are measured at the lower of the previous carrying value and market value, net of the costs to sell.

The non-current assets (and group of assets for sale) are classified as held for sale when it is expected that their carrying value will be recovered through a sales operation instead of in their utilisation in the operations of the business. This condition is applicable only when the sale is highly probable, the asset (or group of assets) is available for immediate sale in its current condition and the management has undertaken a commitment to sell, which should take place within 12 months from the date of classification of this account.

Goodwill

The goodwill deriving from the purchase of a subsidiary or of a joint controlled entity represents the excess of the purchase price compared to the percentage pertaining to the Company in the fair value of the assets, liabilities and contingent liabilities identifiable of the subsidiary or of the joint controlled entity at the purchase date. Goodwill is recognised as an asset and reviewed annually to verify that there has been no loss in value. The losses in value are immediately recognised in the income statement and are not subsequently restated.

In the case of the sale of a subsidiary or of an entity under joint control, the amounts not yet amortised of the allocated goodwill are included in the determination of the gain or loss on disposal.

The goodwill deriving from acquisitions made before the transition date to IFRS are maintained at the values resulting from the application of Italian GAAP at that date and tested for any loss in value.

Intangible assets

<u>Research and development costs</u>

Research costs are recognised in the income statement in the year in which they are incurred.

The intangible assets generated internally deriving from the development of the products of Dada S.p.A. are recognised under assets, only when the following conditions are complied with:

- the asset is identifiable;
- it is probable that the asset created will generate future economic benefits;
- the development costs of the asset can be measured reliably.

These intangible assets are amortised on the straight line basis over their useful life.

When the assets generated internally may not be recorded in the balance sheet, the development costs are recognised in the income statement in the year in which they are incurred.

Other intangible asset

They are initially recognised at purchase cost and are amortised on a straight line basis over their expected useful life. Reference should be made to the accounting policy relating to the loss in value and impairment test.

Other tangible assets

The other tangible assets, plant, machinery and equipment are recognised at purchase or production cost, net of accumulated depreciation and any write-down for loss in value. Cost includes any related charges and direct and indirect costs reasonably attributable to the asset.

Tangible assets are depreciated each year on a straight line basis reflecting the estimated useful life of the asset applying the following percentages:

- Equipment and EDP: 20%
- Furniture and fittings: 12%
- Ordinary office machines: 12%

Loss in value ("Impairment")

At each balance sheet date, Dada S.p.A. reviews the carrying value of its intangible and tangible assets to determine if there are indications that these assets have incurred a loss in value. When it is determined that a potential loss exists, the Directors make valuations on the recoverable amount of those assets in order to identify the potential amount of the loss. Where it is not possible to make an estimate of the recoverable amount of an asset individually, the Company makes an estimate of the recoverable amount of the cash-generating unit the asset belongs to.

The indefinite intangible assets (including goodwill) and the investments are verified annually and whenever there is an indication of a possible loss in value in order to determine whether a loss in value has occurred.

The recoverable amount is the higher of its fair value less costs to sell and its value in use. In the calculation of the value in use, the estimated future cash flows are discounted on a pre-tax basis that reflects the market assessment of the time value of money and the risks specific to the asset.
If there is an indication that an impairment loss recognised for an asset other than goodwill may no longer exist or may have decreased, the carrying amount of the asset (or of the cash-generating unit), shall be increased to its recoverable amount, but shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. The restated values are immediately recognised in the income statement.

Inventories

Inventories are measured at the lower of cost and net realisable value. Costs include the direct materials and labour, general production expenses and other costs that are incurred in bringing the inventories to the present location and condition. The cost is calculated using the weighted average cost method. The net realisable value is represented by the estimated sales price less the estimated costs to completion and the estimated costs to sell.

Receivables

The receivables are measured at nominal value and reduced to the net realisable value through the recording of a specific allowance for doubtful debts. Such provisions are calculated on the basis of an assessment of recoverability, carried out through analysis of individual positions and overall degree of risk, taking into account guarantees and existing insurance covers.

Receivables due beyond one year, non-interest bearing or which mature interest below lower market rates are discounted using market rates.

Financial assets

The financial assets are recognised and unrecognised from the financial statements on the basis of the trading date and are initially measured at cost, including the transaction costs.

After initial recognition, the financial assets that Dada S.p.A. has the intention and ability to hold to maturity (securities held to maturity) are stated at amortised cost using the effective interest method, net of write-downs to reflect losses in value.

The financial assets other than those held to maturity are classified as held for trading or available-for-sale, and are measured at the end of each period at fair value. When the financial assets are held for trading, the gains and losses deriving from the changes in the fair value are recognised in the income statement in the period; for the financial assets available-for-sale, the gains and losses deriving from the changes in the fair value are recognised directly to equity until they are sold or have incurred a loss in value; at that moment, the total gains and losses previously recorded under equity are recognised in the income statement of the period.

Cash and cash equivalents

The account relating to the cash and cash equivalents includes cash, bank current accounts and deposits repayable on demand and other highly liquid short-term financial investments readily convertible into cash and that do not have a significant risk in the change in value.

Payables

Payables are recognised at their nominal value.

Bank loans

The interest bearing bank loans and overdrafts are recognised based on the amounts received, net of the cost of the operation and subsequently valued at amortised cost, using the effective interest rate method.

Instruments representative of shareholders' equity

Instruments representative of shareholders' equity issued by the Company are recognised based on the amount received, net of the direct issuing costs.

Provisions and funds for risks and charges

The provisions are recorded in the financial statements when the Company has a present obligation resulting from a past event and it is probable that the obligation must be met. The provisions are measured on the basis of the best estimate of the costs required to meet the obligation at the balance sheet date and are discounted when the effect is significant.

Income taxes

The income taxes for the year represent the total of current and deferred taxes.

Current taxes are based on the assessable results of the period. The assessable fiscal result differs from the result recorded in the income statement as it excludes positive and negative components that will be assessable or deductible in other periods and also includes accounts that are never assessable or deductible. The liability for current income taxes is calculated using the current rates.

Deferred taxes are the taxes that are expected to be paid or recovered on the temporary differences between the carrying value of the assets and of the liabilities in the financial statements and the corresponding fiscal value used in the calculation of the assessable income, recorded in accordance with the liability method. Deferred tax liabilities are generally recorded for all the temporary assessable differences, while the deferred tax assets are recorded based on the probability that the future assessable results will permit the use of the temporary deductible differences. These assets and liabilities are not recognised if the temporary differences deriving from the goodwill or the initial recognition (not in business combination) of other assets or liabilities in operations do not have an impact on the accounting result or on the assessable fiscal result.

The carrying value of the deferred tax assets is reviewed at each balance sheet date and reduced when the existence of sufficient assessable income to permit the recovery of all or part of these assets is no longer probable.

Deferred taxes are calculated based on the fiscal rates that are expected to be in force at the moment of the realisation of the asset or the extinction of the liability. Deferred taxes are recognised directly in the income statement with the exception of those relating to accounts directly recognised in equity, in which case the deferred taxes are also recognised in equity.

The deferred tax assets and liabilities are compensated when there is a direct right to compensate the tax assets and liabilities and when they refer to income taxes due to the same fiscal authority and there is the intention to pay the amount on a net basis.

Post-employment benefits

The payments for defined contribution plans are recognised to the income statement of the period in which they are due.

For the defined benefit plans, the cost relating to the benefits provided is determined using the projected unit credit method, making actuarial valuations at the end of each period. The cost relating to post-employment services is recorded immediately when the benefits are matured or otherwise are amortised on a straight line basis over the average period in which it is expected the benefits will mature.

The liabilities for post-employment benefits recognised in the financial statements represent the fair value of the liabilities for the defined benefit plans adjusted to take into account the actuarial gains and losses not recognised and the costs relating to the post-employment services not recorded, and reduced by the fair value of the plan assets. Any net assets resulting from this calculation are limited to the value of the actuarial losses not recognised and to the cost relating to the post-employment services not recorded, plus the fair value of any repayments and of the reductions in the future contributions to the plan.

Share-based payments (stock options)

Dada S.p.A. has applied the criteria of IFRS 2 "Share-based payments". In accordance with the transitory principles, IFRS 2 was applied to all the assignment of stock options after November 7, 2002, not matured at January 1, 2005. The stock option plans of Dada S.p.A. only provide for the physical delivery of the shares at the exercise date.

The share-based payments are measured at fair value at the assignment date. This value is recognised in the income statement on a straight line basis over the period of maturity of the rights; this calculation is made based on an estimate by management of the stock options that will effectively mature in favour of the personnel having the right, taking into consideration the conditions of normal take-up not based on the market value of the shares.

The determination of the fair value is made using the "binominal" model. The probability of exercise was defined on the basis of an estimate by Management, taking into account the effects of the non-transferability of the shares, of the returns in the year and considerations on the behaviour of the individuals.

Operations in foreign currencies

The receivables and payables originally expressed in foreign currencies are translated into Euro at the exchange rate when the transaction originated. Exchange differences arising upon the collection and payment of balances in foreign currency are recognised in the income statement.

The revenues and income, costs and charges related to currency transactions are recorded at the exchange rate when the transactions originated.

At the end of the period, the assets and liabilities valued in foreign currencies, with the exception of fixed assets, are recorded at the exchange rates at the balance sheet date and the relative gains or losses on exchange are recorded in the income statement. If the translation gives rise to a net gain, this amount constitutes a non-distributable reserve until its effective realisation.

Revenue recognition

The sale of goods and services are recognised on the transfer of the significant risks and rewards connected to the ownership of the goods or services to the buyer.

Interest income is recognised in accordance with the accruals principle, on the basis of the amount financed and of the effective interest rate applicable, which represents the rate that discounts the estimated future receivables over the expected life of the financial asset to record this at the carrying value of the asset.

Dividends are recorded when the right of the shareholders to receive the payment arises.

Earnings per share

The earning per share is calculated dividing the profit or loss attributable to the shareholders of the Parent Company by the weighted average ordinary shares outstanding during the period referred to.

The diluted earnings per share is calculated dividing the profit or the loss attributable to the shareholders of the Parent Company by the average weighted number of shares outstanding, taking into account the effects of all the potential ordinary shares with dilution effects (stock option plans to employees).

Use of estimates

The preparation of the financial statements and the relative notes in application of IFRS require that management make estimates and assumptions on the values of the assets and liabilities in the financial statements and on the disclosures relating to the assets and contingent liabilities at the balance sheet date. The actual results may vary from such estimates. The estimates are used to value the intangible and tangible assets subject to impairment tests as described above, in addition to record provisions for risks on receivables, inventory obsolescence, amortisation and depreciation, write-down of assets, employee benefits and income taxes. The estimates and assumptions are reviewed periodically and the effects of all variations are immediately recognised in the income statement.

Florence, September 11, 2006

The Chairman, Paolo Barberis

Effects of the transition to IFRS/IAS

(Amounts in Euro/thousand)

The summary of the effects of the transition to international accounting standards on the shareholders' equity and result are shown below.

SUMMARISED EFFECTS OF THE TRANSITION TO INTERNATIONAL ACCOUNTING STANDARDS			
	Jan 1, 05		Jan 1, 05
	Italian GAAP	Adjustments	IAS/IFRS
NET EQUITY	30,386	4,097	34,483
	Dec 31, 05		Dec 31, 05
	Italian GAAP	Adjustments	IAS/IFRS
NET EQUITY	36,038	7,656	43,694
RESULT FOT THE YEAR	3,840	800	4,640

SUMMARISED EFFECTS OF THE TRANSITION TO INTERNATIONAL ACCOUNTING STANDARDS

NET EQUITY	Jan 1, 05	Dec 31, 05	REF.
Italian GAAP	**30,386**	**36,038**	
Adjustments:			
Start-up and formation costs	-388	-187	1)
Advertising expenses	-29	-22	1)
Deferred charges	-89	-64	2)
Write-down of brands	-41	0	3)
Leasehold improvements	-517	-443	4)
Goodwill	0	412	5)
Equity investments	6,883	7,663	6)
Treasury Shares	-2,021	0	7)
Discounting of receivables	-104	0	8)
Application of the amortised cost method	-5	-2	9)
Employee leaving indemnity	17	55	10)
Deferred tax assets	391	244	11)
IAS/IFRS	**34,483**	**43,694**	

INCOME STATEMENT	Dec 31, 05	REF.
Italian GAAP	**3,840**	
Adjustments:		
On other intangible assets	777	1)-2)-3)-4)-5)
Reversal of goodwill amortisation	2,274	6)
On write-downs/revaluations of equity investments	-1.494	6)
Elimination effect of treasury shares	-579	7)
Discounting of receivables	104	8)
Application of amortised cost method	3	9)
Employee leaving indemnity	39	10)
Stock Options	-176	12)
Deferred tax assets	-147	11)
IAS/IFRS	**4,640**	

Comments on the adjustments made to the opening balance sheet at January 1, 2005 and on the balance sheet and income statement as at December 31, 2005

1) Start-up and formation costs and advertising costs:

The international accounting standards, differing from Italian GAAP, do not permit the recording of this account under fixed assets which consequently must be fully charged to the income statement in the period incurred. For Dada S.p.A., this account prevalently consists of the residual net value of the costs incurred for the quotation process and the simultaneous advertising investments.

The effects of the application of this standard compared to Italian GAAP are as follows:

- at January 1, 2005 a reduction of shareholders' equity and intangible assets of Euro 417 thousand;
- at December 31, 2005 a reduction in shareholders' equity and intangible assets of Euro 209 thousand. Amortisation was also reversed in the income statement in 2005 of Euro 253 thousand and service costs increased by Euro 42 thousand due to intangible assets no longer capitalised. The adjustments generated a positive net effect on the pre-tax result of Euro 211 thousand;

2.) Deferred charges:

The deferred charges, consisting of financing costs and costs incurred for quality certificates, are not capitalised in accordance with international accounting standards.

The effects of the application of this standard compared to Italian GAAP are as follows:

- at January 1, 2005 a reduction of shareholders' equity and intangible assets of Euro 89 thousand;
- at December 31, 2005 a reduction of shareholders' equity and intangible assets of Euro 64 thousand. Amortisation was also reversed in the income statement in 2005 of Euro 40 thousand and service costs increased by Euro 2 thousand due to intangible assets no longer capitalised. The adjustments generated a positive net effect on the pre-tax result of Euro 38 thousand;

3.) Write-down of brands:

In accordance with IAS/IFRS, the costs incurred for the registration of trademarks developed internally may not be capitalised under intangible assets but must be charged directly to the income statement.

The effects of the application of this standard compared to Italian GAAP are as follows:

- at January 1, 2005 a reduction of shareholders' equity and intangible assets of Euro 41 thousand;
- at December 31, 2005 there was no reduction of shareholders' equity and intangible assets. Amortisation was reversed in the income statement with a positive effect on the result of Euro 41 thousand;

4.) Leasehold improvements:

The leasehold improvements which are not identifiable and separable from the assets are not capitalised in accordance with international accounting standards.

The effects of the application of this standard compared to Italian GAAP are as follows:

- at January 1, 2005 a reduction of shareholders' equity and intangible assets of Euro 517 thousand;
- at December 31, 2005 a reduction of shareholders' equity and intangible assets of Euro 443 thousand. Amortisation was also reversed in the income statement with a positive effect on the result of Euro 75 thousand;

5.) Intangible assets with indefinite life and impairment test:

The international accounting standards establish that the merger deficit must no longer be amortised, but must be subject to an impairment test on an annual basis.

This valuation process was made at each CGU (Cash Generating Unit) defined as the units that generate cash flows on an independent basis. For Dada S.p.A., the CGU are identified as the Business Units. Consideration was taken of the financial plans of the CGU's.

The effects of the application of this standard compared to Italian GAAP are as follows:

- at December 31, 2005 an increase of shareholders' equity and of intangible assets for a total amount of Euro 412 thousand. The effect on the income statement was Euro 412 thousand.

6.) Holdings in subsidiary companies:

As per IAS 27 and 28, the investments in subsidiaries and associated companies can be measured at cost or in accordance with IAS 39. Dada S.p.A. has chosen to adopt the cost method. Consequently, at the transition date to the international accounting standards, all the investments in subsidiaries and associated companies were subject to an impaiment test, and where the result of the test supported the valuation of the historical cost, the provisions recorded as per the previous accounting principles were reversed.

The effects of the application of this standard compared to Italian GAAP are as follows:

- at January 1, 2005 an increase of shareholders' equity and investments of Euro 6,883 thousand;
- at December 31, 2005 an increase of shareholders' equity and investments of Euro 7,663 thousand. The amortisation of the goodwill was also reversed of Euro 2,274 and a revaluation in the income statement of Euro 1,494 thousand. The adjustments generated a positive net effect on the pre-tax result of Euro 780 thousand;

7.) Treasury shares:

The application of Italian GAAP provides for the classification of treasury shares as an asset in the balance sheet, while the adjustments for revaluations/write-downs, and the gains/losses on disposal, are recognised in the income statement.

On the other hand, the international accounting standards require that the operations relating to treasury shares shall be charged directly to equity.

The effects of the application of this standard compared to Italian GAAP are as follows:

- at January 1, 2005 a reclassification was made of the treasury shares through a reduction of the shareholders' equity and of the financial assets available-for-sale of Euro 2,021 thousand;
- at December 31, 2005 no reclassifications or adjustments were made, as all the treasury shares were sold. The revaluation was reversed from the income statement, with a negative effect on the result of Euro 579 thousand;

8.) Discounting of receivables:

In accordance with international accounting standards, when a receivable is deferred compared to the normal payment terms granted to clients, these receivables must be discounted. In particular, this is applied to the rescheduling of consolidated receivables.

For Dada S.p.A, the calculation of the discounting of the future cash flows connected to these rescheduled payment plans was made using an interest rate equal to the average return on the capital invested.

The effects of the application of this standard compared to Italian GAAP are as follows:

- at January 1, 2005 a reduction of shareholders' equity and trade receivables of Euro 104 thousand;
- at December 31, 2005 there was no reduction of shareholders' equity and trade receivables. A recovery of the financial losses was recorded in the income statement of Euro 104 thousand;

9.) Financial payables – medium/long term:

The interest bearing bank loans and overdrafts are initially recognised based on the amounts received, net of the cost of the operation. This value is adjusted subsequently to take account of any difference between the initial cost and the repayment value over the duration of the loan utilising the effective interest rate method (amortised cost).

- at January 1, 2005 a reduction of shareholders' equity and a consequent increase in bank loans of Euro 5 thousand;
- at December 31, 2005 a reduction of shareholders' equity and a consequent increase in bank loans of Euro 2 thousand. An increase in financial charges was recorded in the income statement of Euro 3 thousand;

10.) Employee benefits (recalculation of employee leaving indemnity):

In accordance with international accounting standards (IAS 19), the employee leaving indemnity is classified in the category of the so-called "defined benefit plans" for which an actuarial calculation must be made to determine the fair value of the amount that will be paid by the company to employees at the end of employment. However, Italian GAAP provides for the accounting of the total amount matured annually determined in accordance with current statutory regulations.

The effects of the application of this standard compared to Italian GAAP are as follows:

- at January 1, 2005 an increase of shareholders' equity and a decrease in the employee leaving indemnity provision of Euro 17 thousand;
- at December 31, 2005 an increase of shareholders' equity and a decrease in the employee leaving indemnity provision of Euro 55 thousand. Also recorded in the income statement was a reduction of the employee leaving indemnity provision of Euro 39 thousand;

11.) Deferred taxes:

On the temporary differences arising from the above adjustments described, the deferred taxes were calculated applying the fiscal rates currently in force.

The balance sheet effects of the application of this standard are shown at Page 22, while the income statement effects are shown at Page 24.

12.) Stock Option:

The company recognises additional benefits by means of stock option plans. In accordance with IFRS 2, the stock options are measured at fair value on the assignment of the options determined in accordance with the binomial method. This model takes into account the characteristics of the options (duration of the option, price and exercise conditions etc) as well as the values of the underlying shares at the assignment date and the expected volatility.

The effects of the application of this standard compared to Italian GAAP are as follows:

- at December 31, 2005 this accounting treated resulted in a negative effect on the profit for the year of Euro 176 thousand and the recording of a net equity reserve of the same amount and therefore a neutral impact on the equity.

RECONCILLIATION STATEMENT OF THE BALANCE SHEET OF DADA S.p.A. AS AT 01/01/05

BALANCE SHEET DADA SpA Amounts in Euro/thousand	01/01/05 Italian GAAP	Reclass.	Adjustments	01/01/05 IAS/IFRS
ASSETS				
Fixed assets				
Property, plant and equipment	1,323	29		1,352
Goodwill	0			0
Intangible fixed assets	3,347	-29	-1,065	2,253
Equity investments in subsidiary companies	18,715		6,883	25,598
Equity investments in associate and other companies	128			128
Financial assets	88			88
Deferred tax assets	3,632		391	4,023
Total	27,233	0	6,209	33,441
Current assets				
Inventories	0			0
Trade receivables	15,982		-97	15,885
Tax receivables and others	552	1,089	-7	1,634
Financial assets held for trading	15,313	-2,021		13,292
Cash and cash equivalents	3,508			3,508
Prepayments and accrued income	1,089	-1,089		0
Total	36,444	-2,021	-104	34,320
TOTAL ASSETS	63,677	-2,021	6,106	67,761
SHAREHOLDERS' EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	2,664			2,664
Share premium reserve	31,994		2,021	34,015
Treasury shares	0		-3,370	-3,370
Legal reserves	406			406
Other reserves	2,021	-2,021		0
IAS reserve	0		3,105	3,105
Retained earnings	0		4,362	4,362
Profit for the year	-6,699			-6,699
Total Shareholders' Equity	30,386	-2,021	6,117	34,483
Medium/long term liabilities				
Bank loans (beyond one year)	506		5	511
Provisions for risks and charges	1,223			1,223
Employee leaving indemnities	649		-17	632
Other payables beyond one year	390			390
Total	2,768	0	-12	2,756
Current liabilities				
Trade payables	27,542			27,542
Other payables	1,595	714		2,309
Tax payables	436			436
Bank overdrafts and loans (within one year)	236			236
Accruals and deferred income	714	-714		0
Total	30,523	0	0	30,523
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES	63,677	-2,021	6,106	67,762

RECONCILLIATION STATEMENT OF THE BALANCE SHEET OF DADA S.p.A. AT 31/12/2005

BALANCE SHEET OF DADA SpA Amounts in Euro/thousand	31/12/05 Italian GAAP	Reclass.	Adjustments	31/12/05 IAS/IFRS
ASSETS				
Fixed assets				
Property, plant and equipment	1,985	25		2,010
Goodwill	1,648	-1,161	412	899
Intangible fixed assets	3,934	-25	-716	3,193
Equity investments in associate and other companies	18,719	1,161	7,663	27,543
Financial assets	89			89
Deferred tax assets	4,262		244	4,506
Total	30,637	0	7,602	38,239
Current assets				
Inventories	371			371
Trade receivables	19,822			19,822
Tax receivables and others	534	2,582		3,116
Financial assets held for trading	9,309			9,309
Cash and cash equivalents	11,303			11,303
Prepayments and accrued income	2,582	-2,582		0
Total	43,921	0	0	43,921
TOTAL ASSETS	74,558	0	7,602	82,161
SHAREHOLDERS' EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	2,692			2,692
Share premium reserve	28,085			28,085
Treasury shares	0			0
Legal reserves	406			406
Other reserves	0			0
IAS reserve	0		3,261	3,261
Retained earnings/accumulated losses	1,015		3,595	4,610
Profit for the year	3,840		800	4,640
total shareholders' equity	36,038	0	7,656	43,694
Medium/long term liabilities				
Bank loans (beyond one year)	258		2	260
Provisions for risks and charges	688			688
Employee leaving indemnity	892		-55	837
Other payables beyond one year	30			30
Total	1,868	0	-53	1,815
Current liabilities				
Trade payables	29,802			29,802
Other payables	4,341	821		5,162
Tax payables	1,445			1,445
Bank overdrafts and loans (within one year)	243			243
Accruals and deferred income	821	-821		0
Total	36,652	0	0	36,652
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	74,558	0	7,603	82,161

RECONCILIATION STATEMENT OF THE INCOME STATEMENT OF DADA S.p.A. AS AT 31/12/2005

INCOME STATEMENT DADA IAS Amounts in Euro/thousand	31/12/05 Italian GAAP	IAS 1-16	IAS 36	31/12/05 IAS/IFRS
Net Revenues	45,322			45,322
Cost of raw materials and consumables	-25			-25
Change in inventory and increases for internal works	1,458			1,458
Service costs and other operating costs	-32,805	-154	-44	-33,003
Personnel costs	-5,321		-137	-5,458
Other operating expenses	-57			-57
Non-recurring income/(charges)	0			0
Provisions and write downs	-1,001		-773	-1,774
Amortisation and depreciation	-3,063		821	-2,242
Amortisation of goodwill	-2,274		2,274	0
Ebit	2,233	-154	2,142	4,221
Investment income	376			376
Financial charges	-379		3	-376
Extraordinary income (charges)	1,043	154	-1,197	0
Profit before taxes	3,273	0	947	4,220
Income taxes	567		-147	420
Group net profit for the year	3,840	0	800	4,640

Information on the principal reclassifications and adjustments in the transition schedules are shown below:

RECLASSIFICATIONS:

1.) Prepayments and accruals

These accounts are not provided for in the international accounting standards, therefore they were classified in other receivables and payables respectively.

2.) Leasehold improvements

The costs incurred for leasehold improvements were classified in the account "plant and machinery" for the part referring to assets identifiable and separable from the asset.

3.) Treasury shares

The IFRS provides that the operations relating to treasury shares shall be charged directly to equity. Consequently, the treasury shares were recorded as a reduction of shareholders' equity, previously recorded under short-term financial assets, for an amount of Euro 1,039 thousand at January 1, 2004 and Euro 2,021 thousand at December 31, 2004.

4.) "Extraordinary income and charges"

These accounts are not provided for in the international accounting standards, therefore they were reclassified within the operating result with the description "operating costs".

ADJUSTMENTS:

Balance Sheet

1.) intangible assets

The following table shows the adjustments relating to this account within assets.
Reference should be made to the Comments on the adjustments at Page 69 of the present document.

Intangible fixed assets	01/01/2005	31/12/2005
Start-up and formation costs	-388	-187
Advertising expenses	-29	-22
Deferred charges	-89	-64
Write-down of brands	-41	0
Leasehold improvements	-517	-443
Total intangible fixed assets	**-1,065**	**-716**
Goodwill	0	412
Total Goodwill	**0**	**412**

2.) Equity investments

Financial fixed assets	01/01/2005	31/12/2005
Equity investments in subsidiary companies	6,883	7,663
Total	**6,883**	**7,663**

3.) Deferred tax assets

Tax effect on NE	01/01/2005	31/12/2005
Start-up and formation costs	-144	-70
Advertising expenses	-11	-8
Deferred charges	-33	-19
Write-down of brands	-15	0
Leasehold improvements	-193	-165
Employee leaving indemnity	5	18
Total	**-391**	**-244**

4.) Trade receivables

The adjustments relate to the discounting of the trade receivables concerning the rescheduling plan which exceeds the normal payment terms applied. Reference should be made to Page 69 of the present document.

5.) IAS Reserve

The following table shows the details of the transition operations that had an impact on the equity account "IAS reserve".

Retained earnings (accumulated losses)	01/01/2005	31/12/2005
Start-up and formation costs	-1,672	-1,676
Advertising expenses	-1,706	-1,706
Deferred charges	-134	-149
Write-down of brands	-82	-82
Leasehold improvements	-592	-592
Equity investments in subsidiary companies	6882	6,882
Employee leaving indemnity	17	17
Stock Options	0	175
Deferred tax assets	391	391
Total	**3,105**	**3,261**

6.) Retained earnings

The following table shows the details of the transition operations that had an impact on the equity account "retained earnings".

Retained earnings (accumulated losses)	01/01/2005	31/12/2005
Start-up and formation costs	1,284	1,286
Advertising expenses	1,678	1,678
Deferred charges	45	46
Write-down of brands	41	41
Leasehold improvements	74	74
Equity investments in subsidiary companies	0	0
Recovery of write-down of treasury shares	1,349	579
Discounting of receivables	-104	-104
Application of the amortised cost method	-5	-5
Total	**4,362**	**3,595**

Income Statement

The details of the adjustments made in the reconciliation schedules of the income statement at June 30, 2004 and at December 31, 2004 are shown respectively at Page 81 and at Page 79.

1.) Costs for Services

Income statement – Costs for services	31/12/2004
Increases in the year - Start-up and formation costs	-42
Increases in the year – Deferred charges	-2
Total	**-44**

2.) Provisions and write downs

Income statement – Provisions and write-downs	31/12/2005
Discounting of receivables - Long-term	104
Write-downs/Revaluations in subsidiary companies	-1,494
Total	**-1,390**

3.) Amortisation

Income statement - Amortisation	31/12/2005
Start-up and formation costs	246
Advertising expenses	7
Deferred charges:	40
Write-down of brands	41
Leasehold improvements	75
Goodwill	412
Total	**821**

4.) Amortisation Goodwill

Income statement – Amort. Goodwill	31/12/2005
Amort. goodwill	2,274
Total	**2,274**

5.) Treasury shares

Income statement – Gains on sale of Treasury Shares	31/12/2005
Write-downs/Revaluations of Treasury Shares	-579
Total	**-579**

6.) Financial Charges

Income statement—Financial charges	31/12/2005
Discounting of long-term payables	3
Total	**3**

7.) Personnel costs

Income statement – Personnel costs	31/12/2005
Employee leaving indemnity provision	39
Stock Options	-176
Total	**-137**

8.) Income taxes

Fiscal effect on results	31/12/2005
Start-up and formation costs	-74
Advertising expenses	-3
Deferred charges	-14
Write-down of brands	-15
Leasehold improvements	-28
Employee leaving indemnity	-13
Total	**-147**

SCHEDULE OF MOVEMENTS IN NET EQUITY FROM 01/01/2005 TO 31/12/2005

Description	Share capital	Share premium reserve	Legal reserve	Other reserves	Retained earnings	Profit for the year	Total
Balance at Jan. 1, 2005	2,664	34,015	406	-265	4,362	-6,699	34,483
Allocation of results 2004		-6,699				6,699	0
Share capital increase	28	769					797
Other changes				156	1018		1,174
Purchases of treasury shares				3370	-770		2,600
Results at 31/12/05						4,640	4,640
Balance at 31/12/04	**2,692**	**28,085**	**406**	**3,261**	**4,610**	**4,640**	**43,694**

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**RELAZIONE DELLA SOCIETÀ DI REVISIONE
SUI PROSPETTI DI RICONCILIAZIONE
AGLI INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

**Al Consiglio di Amministrazione
della DADA S.p.A.**

1. Abbiamo svolto la revisione contabile degli allegati prospetti di riconciliazione costituiti dalle situazioni patrimoniali al 1° gennaio 2005 ed al 31 dicembre 2005 e dal conto economico per l'esercizio chiuso al 31 dicembre 2005 (nel seguito i "prospetti di riconciliazione IFRS") della Società DADA S.p.A. e delle relative note esplicative presentati secondo i criteri e le modalità previsti nella Comunicazione CONSOB n. 6064313 del 28 luglio 2006 nella sezione denominata "Documento di transizione ai principi contabili internazionali IAS/IFRS Dada S.p.A. stato patrimoniale di apertura al 01/01/2005, stato patrimoniale e conto economico al 31/12/2005" della relazione semestrale al 30 giugno 2006. I suddetti prospetti di riconciliazione IFRS derivano dal bilancio d'esercizio di DADA S.p.A. chiuso al 31 dicembre 2005 predisposto in conformità alle norme di legge che disciplinano i criteri di redazione del bilancio da noi assoggettato a revisione contabile e sul quale abbiamo emesso la nostra relazione in data 6 aprile 2006. I prospetti di riconciliazione IFRS sono stati predisposti nell'ambito del processo di transizione agli International Financial Reporting Standards adottati dall'Unione Europea. La responsabilità della redazione dei prospetti di riconciliazione IFRS compete agli Amministratori della DADA S.p.A. E' nostra la responsabilità del giudizio professionale espresso su tali prospetti e basato sulla revisione contabile.

2. Il nostro esame è stato condotto secondo gli statuiti principi di revisione. In conformità ai predetti principi, la revisione è stata pianificata e svolta al fine di acquisire gli elementi ritenuti necessari per accertare se i prospetti di riconciliazione IFRS siano viziati da errori significativi. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nei prospetti di riconciliazione IFRS, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.

3. A nostro giudizio, i prospetti di riconciliazione IFRS, identificati nel precedente paragrafo 1., sono stati redatti nel loro complesso in conformità ai criteri e modalità previsti nella Comunicazione CONSOB n. 6064313 del 28 luglio 2006.

4. Come descritto nella sezione denominata "Documento di transizione ai principi contabili internazionali IAS/IFRS Dada S.p.A. Stato patrimoniale di apertura al 01/01/2005, stato patrimoniale e conto economico al 31/12/2005", i prospetti di riconciliazione IFRS, essendo predisposti solo ai fini della transizione al primo bilancio d'esercizio completo secondo gli IFRS adottati dall'Unione Europea, sono privi dei dati comparativi e delle necessarie note esplicative

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Verona

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che sarebbero richiesti per rappresentare in modo completo la situazione patrimoniale-finanziaria ed il risultato economico della Capogruppo DADA S.p.A. in conformità ai principi IFRS adottati dall'Unione Europea.

DELOITTE & TOUCHE S.p.A.

Paolo Guglielmetti
Socio

Firenze, 4 ottobre 2006