



**CONSOLIDATED INTERIM  
FINANCIAL REPORT FOR THE  
DADA GROUP  
AT 30 SEPTEMBER 2010**

Registered office: Piazza Annigoni, 9B - Florence, Italy  
Share capital: EUR 2,755,711.73 fully paid-in  
Florence Company Register no. Flo17 - 68727; Chamber of  
Commerce (REA) no. 467460; Tax ID/VAT no. 04628270482



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## CORPORATE BOARDS

The current Corporate Board of the Dada Group were appointed by the General Meeting held on 23 April 2009, for the three-year period 2009-2011.

### BOARD OF DIRECTORS

Paolo Barberis	Chairman
Barbara Poggiali <sup>1</sup>	CEO
Alberto Bigliardi	Director
Giorgio Cogliati	Director
Alessandro Foti <sup>2</sup>	Director
Claudio Cappon <sup>3</sup>	Director
Lorenzo Lepri <sup>4</sup>	Director
Vincenzo Russi	Director
Salvatore Amato <sup>5</sup>	Director
Monica Alessandra Possa <sup>6</sup>	Director
Matteo Novello	Director
Riccardo Stilli	Director
Danilo Vivarelli <sup>5</sup>	Director

<sup>1</sup> Director Barbara Poggiali was named Chief Executive Officer and General Manager by resolution of the Board of Directors on 8 May 2009.

<sup>2</sup> Member of the Internal Control Committee.

<sup>3</sup> Confirmed by the General Meeting held on 19 April 2010.

<sup>4</sup> Director Lorenzo Lepri was named Chief Corporate Officer and Deputy General Manager by resolution of the Board of Directors on 8 May 2009.

<sup>5</sup> Member of the Compensation Committee and Internal Control Committee.

<sup>6</sup> Member of the Compensation Committee.

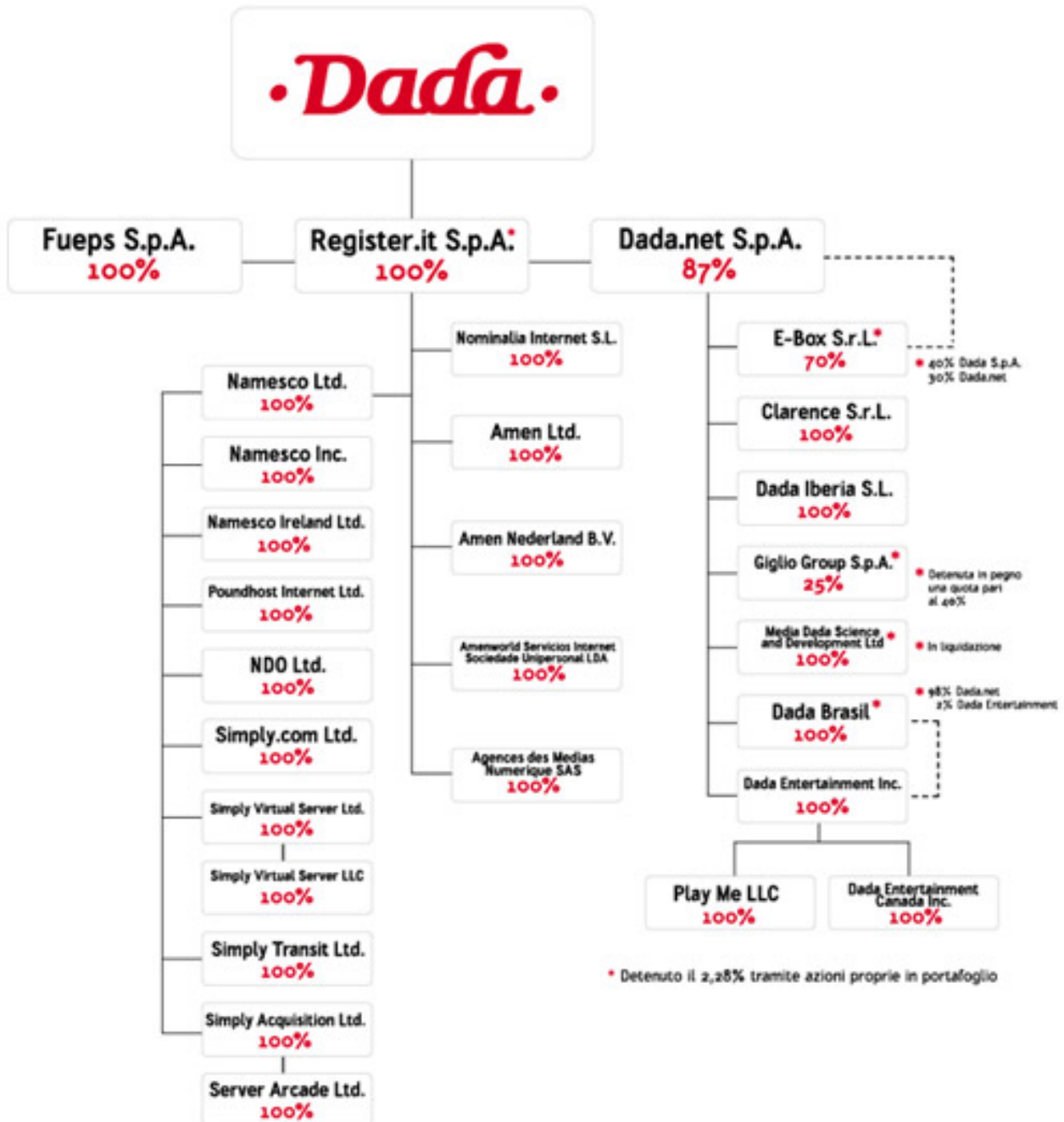
### BOARD OF STATUTORY AUDITORS

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

### EXTERNAL AUDITORS

Reconta Ernst & Young S.p.A.

## GROUP STRUCTURE



## DADA GROUP FINANCIAL HIGHLIGHTS

### Consolidated Results (third quarter)

(EUR/million)	3Q 2010	3Q 2009
Revenue	36.9	38.7
EBITDA	3.3	5.8
Depreciation and amortization	-3.5	-2.7
EBIT	-1.0	2.1
Group net profit/(loss)	-1.8	0.2

### Consolidated Results (first nine months)

(EUR/million)	9M 2010	9M 2009
Revenue	113.9	115.0
EBITDA	10.8	16.5
Depreciation and amortization	-9.8	8.0
EBIT	-1.9	6.0
Group net profit/(loss)	-3.5	1.3

## Consolidated balance sheet at 30 September 2010

(EUR/million)	30/09/10	31/12/09
Net working capital	-7.6	-8.7
Net capital employed	119.3	109.5
Shareholders' equity	69.4	72.8
Net short-term financial position	-17.7	-5.8
Total net financial position	-49.8	-36.7
Number of employees	592	593

## DIRECTORS' REPORT

### INTRODUCTION

The Interim Financial Report at 30 September 2010 has been prepared in accordance with IAS 34 on Interim Financial Reporting and, as regards to recognition and measurement criteria, with the IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, as required by Art. 154-*ter* of the Consolidated Finance Act. It satisfies the provisions of Consob Regulation no. 11971 of 14 May 1999, as amended.

The interim financial report reflects the accounting standards in effect at the time it was prepared. New versions or interpretations of IFRS may have been issued prior to its publication.

### DADA GROUP PROFILE

Dada S.p.A., listed in the STAR segment of the Italian Stock Exchange (DA.MI), is an international leader in community and entertainment services via web and mobile, domain and hosting services, as well as in online advertising solutions.

It is currently organized into two business units: **Dada.net** (digital music, entertainment & online gaming via web and mobile) and **Dada.pro** (professional services for online presence and digital advertising). Since the second quarter of 2010, the online gaming business has been incorporated into Dada.net and is no longer its own business segment.

#### Dada.net

Dada.net provides consumers with a bouquet of fee-based products and services in the areas of digital music, mobile applications, mobile services, social community, and casual and skill games that can be enjoyed on computers, mobile phones and smartphones in Italy and abroad.

In Italy Dada launched the improved Play.me digital music service ([www.dada.it](http://www.dada.it)), whose "in the cloud" value proposition involves on-demand streaming, customized playlists and music on the go, accessible virtually anywhere and anytime, even without a mobile connection: using Android and iPhone applications, users have constant access to the playlists they have created via web and to the entire MP3 catalogue, which today boasts nearly four million MP3 tracks.

Regarding the development of second-generation mobile services in Italy, in collaboration with Sony Music, Dada has also released an innovative new application for iPhone and iPod Touch that allows unlimited, high-quality listening to an individual artist's entire catalogue at an extremely reasonable cost.

Dada further strengthened its international presence in the field of value-added services for mobiles through expansion in North America and Latin America, particularly Canada and Mexico. It is currently present in 15 countries: Italy, the USA, Canada, Germany, Portugal, Australia, Spain, Belgium, Austria, Brazil, Argentina, Mexico, Hungary, Indonesia and South Africa.

Dada.net also includes Bloggo, the most popular vertical blog network in Italy; Splinder, an iconic brand in the blogging and social networking industry; Dada Ent. Inc., active in the U.S. market of value-added services for web and mobile; and Giglio Group, which produces and broadcasts two leading music television satellite channels in Italy (Music Box and Live!) and in the second quarter started to broadcast Live! internationally with positive audience results.



In addition, the activities of Fueps concerning the creation, management and development of online gaming services are now incorporated into the Dada.net Division.

### **Dada.pro**

With over 466 thousand business clients and more than 1.6 million domains under management (over 70% of them abroad), Dada.pro is one of the leading names in the registration of Internet domains and the management of online presence for individuals and businesses in Europe. This division includes Register.it, a leader of the Italian market; Nominalia and Namesco, key players in Spain and the U.K., respectively; and the Amen Group (since July 2008), one of the leading operators in France, Spain and Portugal with its own operations in the United Kingdom, Holland and Italy.

In January 2010, Dada.pro finalized the acquisition of Poundhost, one of the U.K.'s largest providers of dedicated and virtual hosting services.

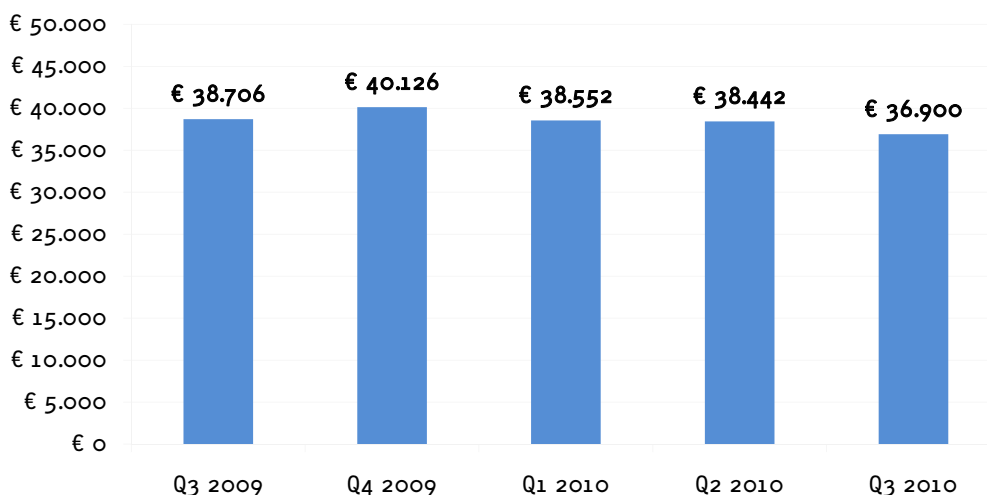
In April 2009 Dada launched Simply ([www.simply.com](http://www.simply.com)), the online performance advertising platform developed entirely in-house and available around the globe. Simply allows companies to plan effective advertising campaigns through marketing tools that select the target and analyze results, and gives additional ad revenue opportunities to the owners of websites.

Through the Dada Ad brand, Dada.pro can also develop advertising solutions for Internet and for the UMTS portals of mobile phone carriers.

## PERFORMANCE REVIEW

The **Dada Group** closed the first nine months of 2010 with **consolidated revenue of €114 million**, compared with €115 million in the first three quarters of 2009. Revenue declined despite the positive contribution achieved with the change in the scope of consolidation, as described in the section on results. The following graph presents consolidated revenue for the last five quarters:

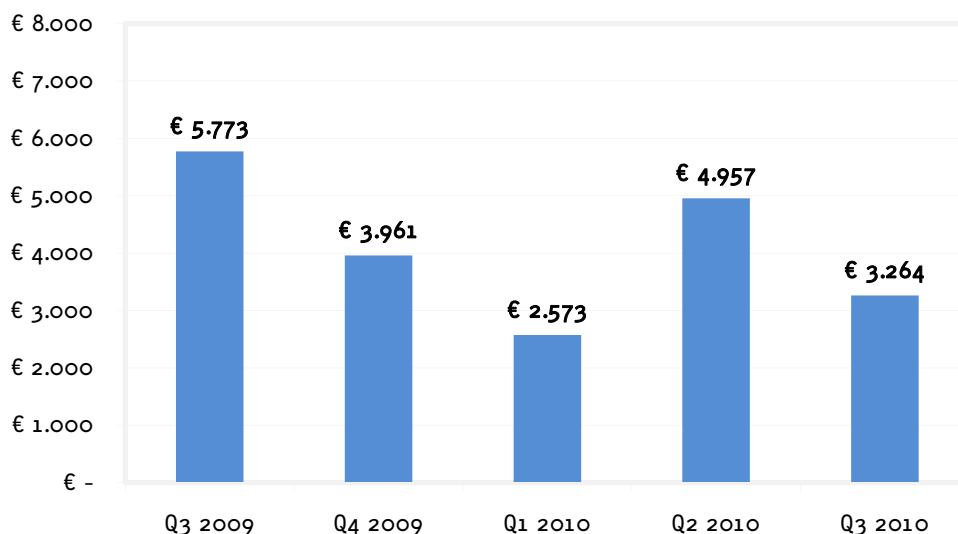
### CONOSOLIDATED REVENUE BY QUARTER



**Consolidated EBITDA in the first nine months of the year** (gross of write-downs and other non-recurring charges) **came to €10.8 million** (9.5% of revenue), down from €16.5 million (14.4% of revenue) for the same period in 2009. For further details on the EBITDA trend, reference should be made to the Financial Highlights section.

The graph below shows consolidated EBITDA for the last five quarters:

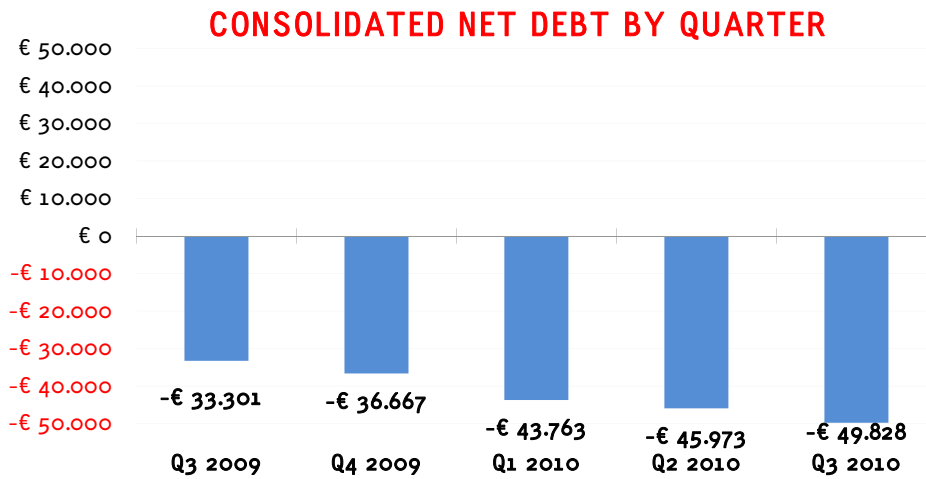
### CONSOLIDATED EBITDA BY QUARTER



**The total net financial position**, which includes funding to be repaid beyond one year, is a negative €49.8 million. This compares with net debt of €36.7 million at 31 December 2009 and

of €45.9 million at 30 June 2010. Investments in acquisitions particularly affected this figure, as detailed later in this report.

The net financial position at 30 September 2010 and at the end of the previous four quarters is shown below:



## Financial Highlights

The following tables report a summary of the results of the **Dada Group** for the first nine months of 2010 and for the third quarter only, with comparative figures for the previous year:

In EUR/ooo	9M 2010		9M 2009		DIFFERENCE	
	Amount	% rev.	Amount	% rev.	Absolute	%
<b>Net revenue</b>	<b>113,894</b>	<b>100%</b>	<b>114,975</b>	<b>100%</b>	<b>-1,081</b>	<b>-1%</b>
Chg. in inventories & inc. in internal wk. capitalized	4,556	4%	3,869	3%	687	18%
Service costs and other operating expenses	-85,204	-75%	-80,236	-70%	-4,968	6%
Payroll costs	-22,452	-20%	-22,096	-19%	-356	2%
<b>EBITDA *</b>	<b>10,794</b>	<b>9%</b>	<b>16,512</b>	<b>14%</b>	<b>-5,718</b>	<b>-35%</b>
Depreciation and amortization	-9,795	-9%	-8,002	-7%	-1,793	22%
Non-recurring income/(charges)	-236	0%	-1,496	-1%	1,260	-84%
Impairment of fixed assets	-1,366	-1%	-289	0%	-1,077	
Writedowns and provisions	-1,280	-1%	-695	-1%	-585	84%
<b>EBIT</b>	<b>-1,883</b>	<b>-2%</b>	<b>6,030</b>	<b>5%</b>	<b>-7,913</b>	<b>-131%</b>

Importi in Euro/Migliaia	3Q 2010		3Q 2009		DIFFERENCE	
	Amount	% rev.	Amount	% rev.	Absolute	%
<b>Net revenue</b>	<b>36,900</b>	<b>100%</b>	<b>38,706</b>	<b>100%</b>	<b>-1,806</b>	<b>-5%</b>
Chg. in inventories & inc. in internal wk. capitalized	1,482	4%	1,158	3%	324	28%
Service costs and other operating expenses	-27,716	-75%	-26,443	-68%	-1,273	5%
Payroll costs	-7,402	-20%	-7,648	-20%	246	-3%
<b>EBITDA *</b>	<b>3,264</b>	<b>9%</b>	<b>5,773</b>	<b>15%</b>	<b>-2,509</b>	<b>-43%</b>
Depreciation and amortization	-3,541	-10%	-2,736	-7%	-805	29%
Non-recurring income/(charges)	-37	0%	-854	-2%	817	-96%
Impairment of fixed assets	0	0%	-135	0%	135	
Writedowns and provisions	-715	-2%	13	0%	-728	-5600%
<b>EBIT</b>	<b>-1,029</b>	<b>-3%</b>	<b>2,061</b>	<b>5%</b>	<b>-3,090</b>	<b>-150%</b>

**Consolidated revenue** in the third quarter of 2010 came to €36.9 million, a slight decrease (-5%) compared with the third quarter of last year (€38.7 million) and the second quarter of

2010 (€38.4 million). Considering the first nine months of both years, consolidated revenue decreased by 1% to €113.9 million.

The comparison between the two periods is influenced by the change in the consolidation scope, due to extraordinary transactions both in 2009 and in the first nine months of this year. The main effects of these changes on revenue for the first nine months and for the third quarter alone, with respect to 2009, are reported below.

In the first nine months and in the third quarter of 2010, the companies Dada Ent. Inc., Fueps S.p.A., and the companies of the Poundhost Group were consolidated on a line-by-line basis for the entire period considered. The first two transactions were finalized respectively in June and October 2009, while the Poundhost acquisition was completed in January 2010. Therefore, in 2009, Poundhost and Fueps were not consolidated for either the first nine months or the third quarter of the year, while Dada Ent. Inc. was consolidated for the month of June and for the entire third quarter. In the first half of 2009, Dada Ent. LLC was held 50% (as a joint venture with Sony) and was therefore consolidated under the equity method.

For further information on these extraordinary operations, see the 2009 Annual Report with respect to those concluded last year, and the relevant section of the first-quarter report for 2010 as concerns the Poundhost acquisition.

Overall, the changes in the scope of consolidation had a positive effect of €13 million on the Group's revenue for the first nine months of the year. For the third quarter only, the effect was a positive €1.6 million.

### **Business units**

The Group's operations are performed by the **Dada.net Division, the Dada.pro Division and the Corporate Division**. This last is essentially organized around the parent company Dada S.p.A. and provides services to the two business units (see also the segment reporting section required by IFRS 8).

The breakdown of Dada Group revenue by business segment was also affected significantly by the changes in the consolidation scope described above.

**The Dada.net Division** contributed €60.1 million (gross of interdivisional revenue) to consolidated revenue for the first nine months of the year, a decrease of €529 thousand with respect to the same period last year (€60.7 million, again gross of interdivisional revenue).

Its contribution to consolidated revenue thus fell from 49% in 2009 to 46% this year. This downward trend in revenue share is explained by the gradual slowdown of some traditional products, especially mobile VAS in Italy, which was only partially offset by the change in the scope of consolidation. For this division, the consolidation of Dada Entertainment Inc. and Fueps S.p.A. increased revenue by approximately €9.1 million.

Dada.net's contribution to Group's revenue for the third quarter alone was €19 million, compared with €25.2 million in 2009, a decrease of €6.2 million. As a percentage of revenue it contributed 58% in the third quarter of 2009 and 46% this quarter. The change in the scope of consolidation had practically no effect on third quarter revenue.

**The Dada.pro Division** contributed €71.4 million (gross of interdivisional revenue) to consolidated revenue for the first nine months of the year (54% of the total), compared with €62 million (51% of the total) in 2009, an increase of 15%.

About €3.8 million of the change is due to the Poundhost Group consolidation, acquired in January 2010.

For the third quarter alone, Dada.pro registered revenue of €22.6 million, compared with €18.3 million the previous year (+23%) and €23.9 million for the second quarter of 2010. Dada.pro's contribution to consolidated revenue increased from 42% in the third quarter of

2009 to 54% this quarter. The change in the consolidation scope affected the division's third-quarter revenue by a positive €1.5 million.

The **geographical breakdown** of the Dada Group's consolidated revenue for the first nine months of the year shows an increase in the share of international revenue with respect to 2009. 60% of total revenue was earned abroad, up from 58% in the same period last year. For the third quarter alone, foreign revenue made up 59% of the total, compared with 62% last year and unchanged with respect to the second quarter of 2010. The above stated changes in the consolidation area also significantly impacted this data, contributing €12.7 million for the first nine months and €1.5 million for the third quarter.

For further information on the performance of the divisions, reference should be made to the section on Segment Information of the Group.

**Consolidated EBITDA in the third quarter of 2010** (gross of write-downs and other non-recurring charges) amounted to **€3.3 million** (7% of consolidated revenue), compared with €5.8 million (15% of revenue) the previous year, showing a decrease of 43%. For the entire nine-month period, EBITDA was €10.8 million (with a margin of 9%), and decreased by 35% with respect to the previous year (€16.5 million or 14% of revenue).

This result was affected in particular by, in the Dada.net Division, the lower contribution of the mobile VAS in some geographical areas, the net operating charges of approx. €3.0 million incurred for Play.me (these were lower than in 2009 due mainly to decreased investments in the U.S. market), and the €2.8 million incurred for the launch of online poker via Fueps S.p.A. early in 2010. Investments in online poker came down significantly in the second and third quarters of the year.

The change in the consolidation scope decreased EBITDA by approx. €0.3 million for the first nine months of 2010, with Dada.pro enjoying a positive impact of €1 million and Dada.net losing a total of €1.3 million. This latter is the combined effect of the positive contribution of Dada Ent. Inc. and the negative contribution of Fueps S.p.A. For the third quarter alone, the change in the consolidation scope had practically no impact, as the contributions of Fueps and Poundhost essentially canceled each other out.

Service costs and other operating expenses increased by €5 million (+6%) for the first nine months of the year, while on a quarterly basis they rose by €1.2 million (+5%) compared with the third quarter of 2009 and fell by €0.8% (-3%) with respect to the second quarter of 2010.

Labour costs went up both in absolute terms (from €22.1 million in the first nine months of 2009 to €22.5 million this year) and as a percentage of revenue (from 19% to 20%). The absolute growth is due mainly to the extended scope of consolidation.

For the third quarter of the year, labour costs showed a slight decrease from €7.6 million in 2009 to €7.4 million this year (-2%), and were essentially unchanged as a percentage of revenue.

The total number of employees went from 593 at 31 December 2009 to 592 at 30 September 2010. The change in the consolidation scope, due to the Poundhost acquisition, accounted for 18 employees.

General/structural costs and rentals, leasing and royalties decreased in line with the trend in revenue.

The item "Change in inventories and increase in internal work capitalized," amounting to €4.6 million for the period (€3.9 million in 2009, +19%) consists of expenses incurred for the development of proprietary platforms needed to launch and operate the services provided by the Group via web and mobile. These include various products in the Dada.net Division, the digital advertising platform Simply, and other platforms developed by Dada.pro for its domain and hosting services.

In the third quarter alone, product development costs came to €1.6 million, versus €1.2 million in the same period in 2009 and €1.4 million in the second quarter of 2010.

**Consolidated EBIT** for the first nine months of the year was a **negative €1.9 million**, versus a positive €6 million in 2009, and thus decreased by €7.9 million. For the third quarter, EBIT came to -€1 million, compared with a positive €2.1 million the previous year and a negative €0.4 million for the second quarter of 2010.

Affecting EBIT for the period were amortization of intangible assets of €6.1 million (€5 million the previous year) and depreciation on fixed assets of €3.8 million (€3.1 million in 2009). The overall upward trend (+22%) is mostly a reflection of the Group's investments in product development and capex during the period, and of the change in the consolidation scope, which contributed €0.5 million.

For the third quarter alone, amortization came to €2.3 million (€1.7 million in 2009) and depreciation to €1.2 million (€1 million the previous year).

Impairment losses on intangible assets totaled €1.4 million for the first nine months of the year, including €0.2 million for the write-down of the residual value of projects developed internally in previous years that can no longer be used, and €1.3 million for goodwill; the latter is the result of impairment testing in accordance with IAS 36, which led to the reduction of goodwill for the CGU Fueps due to the permanent loss in value incurred. For details of the rationale and the methodology used for this valuation, see the notes to the consolidated financial statements for the first half of 2010.

EBIT was also affected by €0.4 million in impairment losses on receivables, up from €0.2 million in 2009, and by €1.1 million in provisions against risks and charges, compared with €2.5 million the previous year. Most non-recurring charges in the first nine months concerned personnel restructuring for €0.7 million and business litigation for €0.4 million. For the third quarter of the year, write-downs on receivables came to €0.2 million (€0.1 million in 2009), while non-recurring charges amounted to €0.6 million (unchanged since the previous year).

As far as EBIT is concerned, the change in the consolidation scope had a positive impact of €0.5 million for the first nine months of the year, and no effect on the quarter-by-quarter comparison.

The **Dada Group** closed the **first nine months of 2010** with a **net loss of €3.5 million**, compared with a profit of €1.3 million for the same period last year. The third-quarter result was a loss of €1.8 million, versus a profit of €0.2 million the previous year and a loss of €0.4 million in the second quarter of 2010.

Net financial charges amounted to €1.6 million for the first nine months, compared with €1.5 million in 2009. Total financial charges of €2 million (€1.7 million the previous year) were made up of €0.7 million in interest expense on loans taken out to finance acquisitions in prior years (unchanged), €0.8 million in other bank fees (unchanged), and €0.4 million in losses on derivatives (€0.2 million the previous year). Additional loans undertaken in early 2010 to finance new acquisitions added about €0.1 thousand to financial charges for the quarter. In the first nine months of 2010 there were net exchange gains of €0.4 million, up from €0.2 million the previous year.

The third quarter alone saw net financial charges of €0.8 million (including net exchange losses of €0.1 million), versus net financial charges of €0.6 million in the third quarter of 2009.

The tax charge for the first nine months was €0.3 million, down from €1.5 million the previous year. The change results from the loss at the pre-tax level.

Breaking down net taxes into current and deferred, current taxes amounted to €0.5 million and were offset by deferred tax assets of €0.2 million. Current taxes consist mostly of IRAP (regional business tax) for some Italian companies, and of income tax for the foreign companies that reported a positive pre-tax profit. The Dada Group has accrued fiscal losses totaling €54 million, of which €40 million can be carried forward indefinitely. Deferred tax assets have been recognized on only a portion of those losses, namely those the Group expects to recover in the near-term future.

Minority interests in the net profit or loss were a positive €288 thousand for the first nine months of the year, and a negative €1,191 thousand for the same period in 2009. They consist solely of 75% of the net result of Giglio Group S.p.A., 30% of E-Box S.r.l.'s profit or loss and 13% of Dada Net's. For the third quarter, minority interests were a positive €204 thousand, versus a negative €1,166 thousand the previous year. Minority interests in the net profit or loss have decreased sharply as a result of the changes in the consolidation scope.

The extended consolidation scope affected the net result by a negative €2.4 million for the first nine months of the year, and by a negative €0.9 million in the comparison between third quarters.

## Financial position

The net financial position is shown in detail below, with comparative figures at 31 December 2009:

FINANCIAL POSITION	30/09/10	31/12/09	DIFFERENCE	
			Absolute	%
Cash on hand	23	429	-406	-95%
Bank and post office deposits	5,466	7,732	-2,266	-29%
<b>Cash and cash equivalents (A+B)</b>	<b>5,489</b>	<b>8,161</b>	<b>-2,672</b>	<b>-33%</b>
Current bank borrowings	-11,870	-4,923	-6,947	141%
Current portion of long-term debt	-10,254	-8,072	-2,182	27%
<b>Current debt (D+E)</b>	<b>-22,124</b>	<b>-12,995</b>	<b>-9,129</b>	<b>70%</b>
Non-current bank borrowings	-32,176	-30,862	-1,314	4%
Derivatives (receivable and payable, non-current)	-1,017	-970	-47	5%
<b>Non-current debt (G+H)</b>	<b>-33,193</b>	<b>-31,832</b>	<b>-1,361</b>	<b>4%</b>
<b>Total financial liabilities (F+I)</b>	<b>-55,317</b>	<b>-44,827</b>	<b>-10,490</b>	<b>23%</b>
<b>Net financial position (C+L)</b>	<b>-49,828</b>	<b>-36,666</b>	<b>-13,162</b>	<b>36%</b>



At 30 September 2010 the **net financial position of the Dada Group was a negative €49.8 million**, compared with net debt of €36.7 million at the end of 2009 and €33.3 million at 30 September 2009. Current net debt at the close of the period was €22.1 million (€13 million at 31 December 2009). The major reason for the increase was the Group's investment activity in the first nine months of the year, including the takeover of the Poundhost Group, which increased net debt by €7.5 million.

The additional investment in Giglio Group (bringing Dada's share from 10 to 25%) increased debt by €1.2 million, and was accounted for using the equity transaction method.

Other investments in the first nine months were as follows:

- investments in intangible assets, consisting mostly of costs for the development of processes and proprietary platforms used by Dada.net and Dada.pro (€4,555 thousand), as well as software, brands and television rights (€2,215 thousand);

- investments in property, plant and equipment for a total of €3,273 thousand, primarily servers and other electronic equipment required by Dada.net and Dada.pro for the provision of services.

During the period there were also non-recurring cash-out for liabilities reported in previous years, for a total of €1.1 million.

Cash flow from financing activities was a positive €1.8 million and stems from the net difference between loan repayments in the first nine months of 2010 and new loans received during the period.

Movements in cash flow with respect to cash and cash equivalents are summarized below:

In EUR/ooo	9M 2010	9M 2009
Cash flow from operating activities	4,084	9,855
Cash flow from investing activities	-17,298	-5,682
Cash flow from financing activities	1,789	-3,924
<b>Net cash flow for the period (cash and cash equivalents)</b>	<b>-11,426</b>	<b>-8,097</b>

For further information, see the cash flow statement on page 31.

Details of net working capital and net capital employed at 30 September 2010 and 31 December 2009 are presented below:

In EUR/000	30/09/10	31/12/09	DIFFERENCE	
			Absolute	%
<b>Fixed assets (A) (*)</b>	<b>138,120</b>	<b>129,733</b>	<b>8,387</b>	<b>6%</b>
Current operating assets (B)	53,633	56,350	-2,717	-5%
Current operating liabilities (C)	-61,278	-65,013	3,735	-6%
<b>Net working capital (D)=(B)-(C)</b>	<b>-7,645</b>	<b>-8,663</b>	<b>1,018</b>	<b>-12%</b>
Provision for termination indemnities (E)	-1,225	-1,210	-15	1%
Provision for risks and charges (F)	-1,988	-2,350	362	-15%
Other payables due beyond one year (G)	-8,000	-8,000	0	
<b>Net capital employed (A+D+E+F+G)</b>	<b>119,262</b>	<b>109,510</b>	<b>9,752</b>	<b>9%</b>

Net working capital at 30 September 2010 amounted to -€7.6 million, compared with -€8.7 million at 31 December 2009 and -€6.9 million at the end of the previous September. The main aggregates making up working capital (especially with reference to trade receivables and payables) performed in line with the business trend during the period, and with the change in the consolidation scope which had an impact of €950 thousand.

Regarding the composition of trade receivables, a significant percentage is due from telephone carriers (either directly or through an aggregator), through which most of the Dada.net Division's revenue from fee-based services is generated.

Current liabilities also include €14.2 million in deferred income (income received but not pertaining to the period) on the web hosting services of Dada.pro and various value added services of Dada.net; these will not entail future outlays but rather the recognition of revenue in the income statement. In 2009, deferred income amounted to €15 million at 31 December and €11.5 million at 30 September.

"Other payables" include Sony's put option on 13% of Dada.net S.p.A. This has been valued at €8 million, which corresponds to the option's floor. That amount can be considered to represent fair value at 30 September 2010.

For investing activities, reference should be made to the section above on net financial position, as well as to the more detailed information in the notes to the present Consolidated Financial Statements.

The number of employees at 30 September 2010 was 592 units, down from 593 at 31 December 2009 and 600 at the end of last September.

## Alternative performance indicators

This report provides the following economic and financial indicators in addition to those required by IAS 1:

*EBIDTA*: operating profit gross of depreciation, amortization, writedowns, and non-recurring items;

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

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

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

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

## PERFORMANCE BY BUSINESS SEGMENT

Since the second quarter of 2010, the Group's organizational structure has consisted of two business units: the **Dada.net Division** and the **Dada.pro Division**, due to the integration of Fueps into Dada.net.

One reason for the reorganization was the sharp slowdown in the online gaming business, especially online poker, which made it necessary to revise development plans and write down the goodwill attributed to this business.

Also, since IFRS 8 requires segment information to be organized according to the same criteria used for management reporting purposes, the Group has also recognized a **Corporate Division** consisting mainly of the services provided by the parent Dada S.p.A. to the subsidiaries in the two operating business units.

### Key results by business segment

The following table shows key results by division for the third quarter of 2010, with comparative figures for the previous year:

	Q3 2010					Q3 2009				
	Revenue	EBITDA	Margin %	EBIT	Margin %	Revenue	EBITDA	Margin %	EBIT	Margin %
Dada.net	19,010	3,101	16%	1,214	6%	25,194	4,935	20%	3,163	13%
Dada.pro	22,569	1,358	6%	-615	-3%	18,313	1,487	8%	-398	-2%
Corporate	2,051	-824	-40%	-1,628	-79%	2,488	-204	-8%	-703	-28%
Inter-divisional	-6,730	-0,372	n.a.	0	n.a.	-7,289	-444	6%	0	n.a.
<b>Total</b>	<b>36,900</b>	<b>3,263</b>	<b>9%</b>	<b>1,029</b>	<b>-3%</b>	<b>38,706</b>	<b>5,774</b>	<b>15%</b>	<b>2,062</b>	<b>5%</b>

Below are the key results by division for the first nine months of this and the previous year:

	9M 2010					9M 2009				
	Revenue	EBITDA	Margin %	EBIT	Margin %	Revenue	EBITDA	Margin %	EBIT	Margin %
Dada.net	60,133	6,040	10%	199	0%	60,662	10,986	18%	6,180	10%
Dada.pro	71,436	7,360	10%	1,470	2%	62,035	8,19	13%	3,199	5%
Corporate	6,997	-1,491	-21%	-3,553	-51%	7,981	-1,330	-17%	-3,349	-42%
Inter-divisional	-24,673	-1,116	n.a.	0	n.a.	-15,703	-1,333	8%		n.a.
<b>Total</b>	<b>113,894</b>	<b>10,793</b>	<b>9%</b>	<b>-1,883</b>	<b>-2%</b>	<b>114,975</b>	<b>16,512</b>	<b>14%</b>	<b>6,031</b>	<b>5%</b>

## Geographical breakdown of consolidated revenue

Description	2010		2009	
	Q3		Q3	
	Amount	% of total	Amount	% of total
Revenue Italy	15,049	41%	14,641	38%
Revenue International	21,850	59%	24,066	62%
<b>Consolidated Revenue</b>	<b>36,900</b>		<b>38,706</b>	

Description	2010		2009	
	9M		9M	
	Amount	% of total	Amount	% of total
Revenue Italy	45,695	40%	47,732	42%
Revenue International	68,198	60%	67,243	58%
<b>Consolidated Revenue</b>	<b>113,894</b>			

## Dada.net services

Dada.net provides consumers with a bouquet of fee-based products and services in the areas of digital music, mobile applications, mobile services, social community, and casual and skill games that can be enjoyed on computers, mobile phones and smartphones in Italy and abroad.

## Events in the Dada.net Division

In the first nine months of 2010 Dada launched the improved Play.me digital music service in Italy ([www.dada.it](http://www.dada.it)), whose "in the cloud" value proposition involves on-demand streaming, customized playlists and music on the go, accessible virtually anywhere and anytime, even without a mobile connection: using Android and iPhone applications, users have constant access to the playlists they have created via web and to the entire MP3 catalogue, which is now nearly four million songs strong.

In the second quarter, in collaboration with Sony Music, Dada released an innovative new application for iPhone and iPod Touch that allows unlimited, high-quality listening to an

individual artist's entire catalogue at a low cost. The first three Apps made available were of Gianna Nannini, Alessandra Amoroso and Giusy Ferreri.

Dada further strengthened its international presence in the field of value-added services for mobiles through expansion in North and Latin America, particularly in Canada and Mexico. It is currently present in 15 countries: Italy, the USA, Canada, Germany, Portugal, Australia, Spain, Belgium, Austria, Brazil, Argentina, Mexico, Hungary, Indonesia and South Africa.

In the first nine months of the year, through Giglio Group, Dada moved deeper into Italy's music via satellite market with the ongoing success of its two television channels, Music Box and Live!. In the second quarter it began to distribute Live! in other countries, with positive audience results, and in the third quarter it launched the digital terrestrial channel Play.me.

The entrance of Play.me on digital terrestrial brings Dada one step closer to becoming a global touchstone in the digital music business. Television is therefore another means of accessing music in this multichannel strategy.

In the business of community related content, Dada—through Bloglo—operates a network of more than 80 vertical blogs in Italy, Brazil, the U.K., France and Spain.

During the first nine months, the operations of Fueps concerning the creation, management and development of online gaming services were incorporated into the Dada.net Division to create a single business unit for digital entertainment. At the moment these operations consist of [www.4a.com](http://www.4a.com) for online poker, and the social gaming site [www.fueps.com](http://www.fueps.com).

## Performance of Dada.net

Dada.net						
In Euro thousands	9M 2010		9M 2009		Change	
	Amount	In %	Amount	In%	Absolute	%
Revenue - Italy	17,628	29%	22,879	38%	-5,251	-23%
Revenue - International	41,351	69%	36,561	60%	4,791	13%
Revenue - Inter-sector	1,154	2%	1,223	2%	-69	-6%
<b>Net revenue</b>	<b>60,133</b>	<b>100%</b>	<b>60,662</b>	<b>100%</b>	<b>-529</b>	<b>-1%</b>
Increases in internal work capitalized	1,121	2%	1,572	3%	-451	-29%
Services	-47,133	-78.4%	-42,955	-70.8%	-4,177	9.7%
Personnel costs	-8,082	-13.4%	-8,293	-13.7%	211	-2.5%
<b>Segment EBITDA</b>	<b>6,040</b>	<b>10%</b>	<b>10,986</b>	<b>18%</b>	<b>-4,946</b>	<b>-45%</b>
Amortisation, depreciation and write-downs	5,375	-9%	-3,566	-6%	-1,810	51%
Write-downs, provisions and non recurring charges	-465	-1%	-1,240	-2%	775	-62%
<b>EBIT</b>	<b>199</b>	<b>0%</b>	<b>6,180</b>	<b>10%</b>	<b>-5,981</b>	<b>-97%</b>

**Revenue for the Dada.net Division in the first nine months of 2010 amounted to €60.1 million**, compared with €60.7 million the previous year (-1%). The change in the consolidation scope following the 2009 agreement with Sony, which led to the line-by-line consolidation of Dada Entertainment (previously consolidated under the equity method) since June 2009 and the consolidation of Fueps since October 2009, had a positive impact of €13.7 million.

The decrease in Dada.net's share of consolidated revenue, from 49% to 46%, is due mainly to the gradual slowdown of the traditional mobile products in Italy that was not offset by the benefits of the extended consolidation scope.

During the period, revenue earned abroad made up 69% of Dada.net's total, versus 60% the previous year.

This is explained by the full consolidation of Dada Entertainment, the Group's expansion in various markets (particularly Mexico and Canada), and its lower commitment to the traditional mobile market in Italy, where Dada focused on the "Play.me by Dada" service which is still in the start-up phase.

In terms of revenue, the most significant foreign countries remain the U.S., Spain, Brazil, Canada and Mexico.

**EBITDA for the Dada.net Division** in the first nine months of 2010 was a positive €6.0 million (10% of revenue), down from €11 million (18% of revenue) the previous year. The change in the consolidation scope reduced EBITDA for the period by €1.3 million with respect to 2009. The consolidation of Dada Entertainment was not enough to offset the negative contribution of Fueps, due to the launch of online poker and the reduction in margins caused by the steady retreat from the traditional mobile business in Italy.

The cost of services increased by €4.2 million or 9.7%. Service costs amounted to 78% of revenue, up from 71% last year, due mainly to the consolidation of Dada Ent.

Labour costs decreased by €0.2 million (-2.5%) and amounted to 13.4% of revenue, compared with 13.7% the previous year.

EBIT for the period came to €0.2 million, after depreciation and amortization of €5.4 million; in the same period last year, EBIT was €6.2 million (10% of revenue) after depreciation and amortization of €3.6 million and write-downs and non-recurring charges of €1.2 million.

EBIT was also affected by the write-down of goodwill on Fueps as a result of impairment testing, as recognized in the half-year financial statements at 30 June 2010, in the amount of €1.2 million.

## Dada.pro services

**Dada.pro** provides self-provisioning professional services such as:

- domain registration, hosting & mail, dedicated and virtual servers, ADSL;
- advanced online advertising solutions via web and mobile.

## Events in the Dada.pro Division

In the first nine months of the year, Dada.pro strengthened its leadership in Europe—more than 466 thousand business clients and 1.6 million domains under management in Italy, the United Kingdom, France, Spain, Portugal, the Netherlands and Ireland—in the field of self-provisioned domain registration and hosting services, by focusing its efforts on:

- the integration of Poundhost's dedicated and virtual hosting services and marketing tools into the Namesco platform in the U.K.;
- the launch of the new "Website" application, a simple, flexible and comprehensive tool for the creation of professional sites, which enhances Dada.pro's range of digital services for registration, presence building and online visibility;

- the roll-out of the new "e-commerce" product, a complete package containing everything needed to create its own online store: from domain registration to customized graphics, online sales using the main web platforms, order management and logistics.

During the period the division also enjoyed good results from its ongoing focus on the performance advertising business (traffic refining, customer acquisition and management of online campaigns), by strengthening Peeplo.com and introducing new, internationally scalable models such as "Save n' Keep," a social bookmarking service via web and mobile.

In the digital advertising business, Dada.pro continued to improve and expand the ad network Simply.com, which combines simplicity of management with the highest possible return on investment for the advertiser and optimized performance for the publisher, thanks to its ground-breaking algorithms.

Simply ([www.simply.com](http://www.simply.com)) allows small and large companies to plan effective advertising campaigns while helping website owners increase their ad revenues.

The platform, available worldwide and localized in Italy, the United Kingdom, France and Spain, uses a new yield optimization technology to ensure the maximum possible value for:

- advertisers: Simply is a promotional tool for even the smallest companies, which can easily create online ad campaigns according to their own timeframes, targets and objectives and analyze the results achieved;
- website owners: Simply gives site owners who publish advertisements a monetary return on the visits their sites receive naturally.

During the period, the Simply.pro version was released for a mainly professional audience.

## Performance of Dada.pro

Dada.pro						
In Euro thousands	9M 2010		9M 2009		Change	
	Amount	In %	Amount	In %	Absolute	%
Revenue - Italy	28,068	39%	24,815	40%	3,252	13%
Revenue - International	26,847	38%	30,683	49%	-3,836	-13%
Revenue - Inter-sector	16,522	23%	6,537	11%	9,985	153%
<b>Net revenue</b>	<b>71,436</b>	<b>100%</b>	<b>62,035</b>	<b>100%</b>	<b>9,401</b>	<b>15%</b>
Increases in internal work capitalized	3,435	5%	2,297	4%	1,138	50%
Services	-55,736	-78%	-45,129	-73%	-10,607	24%
Personnel costs	-11,775	-16%	-11,013	-18%	-762	7%
<b>Segment EBITDA</b>	<b>7,360</b>	<b>10%</b>	<b>8,190</b>	<b>13%</b>	<b>-830</b>	<b>-10%</b>
Amortisation, depreciation and write-downs	-5,244	-7%	-4,212	-7%	-1,032	24%
Write-downs, provisions and non recurring charges	-646	-1%	-779	-1%	133	-17%
<b>EBIT</b>	<b>1,470</b>	<b>2%</b>	<b>3,199</b>	<b>5%</b>	<b>-1,729</b>	<b>-54%</b>

Revenue for the Dada.pro Division in the first nine months of 2010 amounted to €71.4 million, or €67.6 million net of the €3.8 million contributed by the Poundhost acquisition of January 2010, compared with €62 million in the same period last year (+15%, or +9% net of Poundhost).

**EBITDA** was a positive €7.4 million (10% of revenue), versus €8.2 million (13% of revenue) the previous year. The change in the consolidation scope had a positive impact of €1 million on this item.

On the cost side, the cost of services increased by €10.6 million compared with the first nine months of 2009 (+17% net of the Poundhost acquisition, which contributed €2.7 million), and labour costs were up by €0.8 million but decreased as a percentage of revenue (from 18% to 16%).

**EBIT for the first nine months of 2010** was a positive €1.5 million (2% of revenue) after amortization and depreciation of €5.2 million, compared with €3.2 million (5% of revenue) the previous year. The decrease of 54% is due partly to the rise in amortization and depreciation as a result of investments in fixed assets and intangibles, especially relating the new business projects.

## Corporate services

Dada S.p.A is the **division that provides corporate services** to the other companies in the Group, and thus to the two business units.

Revenue is comprised of recharges to the Group companies for services provided centrally such as administration, finance, taxation, planning & control, purchasing, legal & corporate, communications, human resources, facility management, and general services.

### Performance of the Corporate Division

The Corporate Division earned €7 million in revenue in the first nine months of 2010, compared with €8 million last year. EBITDA for the division was a negative €1.5 million, down slightly from the -€1.3 million reported in the first nine months of 2009.

## SIGNIFICANT EVENTS IN THE THIRD QUARTER OF 2010

No significant events or circumstances occurred in the third quarter of the year.

## SUBSEQUENT EVENTS

On 20 October 2010, Dada's Board of Directors with regard to the request received from the parent company RCS MediaGroup resolved to provide information on the Dada Group as part of an exploratory survey being made by RCS itself with the assistance of a leading finance house, as already disclosed to the market, in order to explore options for value enhancement. Dada's Board of Directors decided to proceed with this request as it was deemed to be in the best interest of the company and all its shareholders.



## OUTLOOK FOR THE REST OF THE YEAR

In light of the current overall scenario and of the Group's reference market, the actions being implemented and in the absence of currently unforeseen events, the Group confirms the targets disclosed to the market in the half-year results release, that is consolidated revenue expected to be in line with the performance of the first half of the year.

Florence, 8 November 2010

for the Board of Directors

Paolo Barberis  
Chairman



Barbara Poggiali  
CEO



### Declaration by the Financial Reporting Officer

Pursuant to Art. 154-bis (2) of the Consolidated Finance Act, it is hereby declared that the figures contained in this Interim Financial Report correspond to the company's records, ledgers and accounting entries.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AT 30 SEPTEMBER 2010**

## DADA GROUP: CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE FIRST NINE MONTHS OF 2010			
In EUR/000	Notes	9M 2010	9M 2009
<b>Net revenue</b>		<b>113,894</b>	<b>114,975</b>
Cost of raw materials and consumables		-65	-86
Chg. in inventories & inc. in internal wk. capitalized		4,556	3,869
Service costs and other operating expenses		-84,132	-79,353
Labour costs		-22,452	-22,096
Other operating revenue and income		24	0
Other operating costs		-1,267	-2,293
Provisions and writedowns		-1,280	-695
Depreciation and Amortization		-9,795	-8,003
Write-downs of fixed assets		-1,366	-289
<b>EBIT</b>		<b>-1,883</b>	<b>6,029</b>
Investment income		1,677	1,824
Financial charges		-3,251	-3,304
Share of profit/(loss) of associates		0	-545
<b>Profit/(loss) before taxes</b>		<b>-3,457</b>	<b>4,004</b>
Income taxes		-301	-1,504
<b>Profit/(loss) from continuing operations</b>		<b>-3,758</b>	<b>2,500</b>
Minority interests		288	-1,191
<b>Group net profit/(loss)</b>		<b>-3,470</b>	<b>1,309</b>
Basic earnings/(loss) per share		-0.214	0.081
Diluted earnings/(loss) per share		-0.214	0.078

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST NINE MONTHS OF 2010

In EUR/000	9M 2010	9M 2009
<b>Net profit/(loss) for the period (A)</b>	<b>-3,758</b>	<b>2,500</b>
Gains/(losses) on exchange rate derivatives (cash flow hedges)	223	-397
Tax effect on other gains/(losses)	-61	109
<b>TOTAL</b>	<b>162</b>	<b>-288</b>
Equity transaction reserve	-911	
Other reserves		
Gains/(losses) from the translation of foreign currency financial statements	1,315	916
<b>Total other gains/(losses), net of fiscal effects (B)</b>	<b>566</b>	<b>628</b>
<b>Total comprehensive income/(loss) (A) + (B)</b>	<b>-3,192</b>	<b>3,128</b>

CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2010

ASSETS (in EUR/000)	Notes	30 September 2010	31 December 2009
<b>Non-current assets</b>			
Goodwill		109,881	102,818
Intangible assets		15,835	15,356
Other property, plant and equipment		12,304	11,459
Equity investments in non-consolidated subsidiaries, associates and other companies		-	-
Financial assets		126	138
Deferred tax assets		9,702	10,581
<b>Total non-current assets</b>		<b>147,848</b>	<b>140,352</b>
<b>Current assets</b>			
Inventories		329	7
Trade receivables		34,950	33,960
Tax receivables and others		8,651	11,814
Financial assets held for trading		-	-
Cash and cash equivalents		5,490	8,161
<b>Total current assets</b>		<b>49,420</b>	<b>53,942</b>
<b>Non-current assets held for sale</b>			
<b>TOTAL ASSETS</b>		<b>197,268</b>	<b>194,294</b>

CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2010
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SHAREHOLDERS' EQUITY AND LIABILITIES (in EUR/000)	Notes	30 September 2010	31 December 2009
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<i>Capital and reserves</i>			
Share capital		2,756	2,756
Share premium reserve		32,071	32,071
Treasury shares		0	0
Legal reserve		950	950
Other reserves		1,402	836
Retained earnings		35,025	28,118
Net profit/(loss)		-3,470	6,906
<b>Total Group shareholders' equity</b>		<b>68,734</b>	<b>71,637</b>
<b>Minority interests</b>		<b>701</b>	<b>1,207</b>
<b>Total shareholders' equity</b>		<b>69,435</b>	<b>72,844</b>
<i>Non-current liabilities</i>			
Bank loans (due beyond one year)		32,171	30,861
Provision for risks and charges		1,988	2,350
Provision for employee termination indemnities		1,225	1,210
Deferred tax liabilities		0	1,197
Other payables due beyond one year		8,870	9,020
<b>Total non-current liabilities</b>		<b>44,254</b>	<b>44,638</b>
<i>Current liabilities</i>			
Trade payables		38,699	36,789
Other payables		20,279	22,427
Taxes payable		2,850	4,600
Bank overdrafts and loans (due within one year)		21,751	12,996
<b>Total current liabilities</b>		<b>83,579</b>	<b>76,812</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>197,268</b>	<b>194,294</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST NINE MONTHS OF 2010

In EUR/ooo	9M 2010	12M 2009	9M 2009
<b>Operating activities</b>			
<b>Net profit/(loss) for the period</b>	<b>-3,470</b>	<b>6,958</b>	<b>1,309</b>
<i>Adjustments for:</i>			
Income from trading	-1,677	-2,095	-611
Financial charges	3,251	4,241	2,091
Income taxes	301	1,205	1,504
Stock option cost	0	457	0
Depreciation	3,707	4,181	3,078
Amortization	6,088	7,181	4,925
Write-downs of fixed assets	1,366	-6,654	289
Other provisions and write-downs	1,280	1,363	1,398
Increases/(decreases) in provisions	-1,432	-158	-467
<b>Cash flow from operating activities before changes in working capital</b>	<b>9,414</b>	<b>16,679</b>	<b>13,516</b>
Increase in inventories	-322	35	10
(Increase)/decrease in receivables	2,162	22,549	22,002
Increase/(decrease) in payables	-2,306	-20,205	-22,739
<b>Cash flow from operating activities</b>	<b>8,948</b>	<b>19,058</b>	<b>12,789</b>
Income taxes paid	-1,613	-2,069	-1,454
Interest paid	-3,251	-4,241	-1,480
<b>Net cash flow from operating activities</b>	<b>4,084</b>	<b>12,748</b>	<b>9,855</b>
<b>Investing activities</b>			
Interest received	1,677	2,095	611
Acquisitions of subsidiaries and associates (change in goodwill)	-8,932	-2,075	325
Effect of changes in consolidation scope	0	2,663	2,663
Purchase of property, plant and equipment	-3,273	-3,802	-3,494
Purchase of intangible assets	-2,214	-2,649	-1,918
Product development costs capitalized	-4,556	-5,229	-3,869
<b>Net cash flow used in investing activities</b>	<b>-17,298</b>	<b>-8,997</b>	<b>-5,682</b>

CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST NINE MONTHS OF 2010 (cont'd)

In EUR/000	9M 2010	12M 2009	9M 2009
<b>Financing activities</b>			
Repayment of loans	-7,952	-8,038	-7,075
New loans	9,411	4,466	11,002
Other changes	330	31	-3
<b>Net cash flow from/(used in) financing activities</b>	<b>1,789</b>	<b>-3,541</b>	<b>3,924</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-11,426</b>	<b>210</b>	<b>8,097</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>-4,835</b>	<b>-5,045</b>	<b>-5,045</b>
<b>Cash and cash equivalents at end of period</b>	<b>-16,261</b>	<b>-4,835</b>	<b>3,052</b>



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST NINE MONTHS OF 2010												
	Attributed to the shareholders of the parent company										Minority interests	Total NE
	Share capital	Share prem. reserve	Legal res.	Other res.	Equity transaction res.	Cash flow hedge res.	Translation reserve	Retained earnings	Net profit/(loss)	Total		
<b>Balance at 1 Jan. '10</b>	2,756	32,070	950	9,724	2,339	-738	-10,490	28,118	6,906	<b>71,637</b>	1,207	<b>72,844</b>
Allocation of 2009 profit								6,906	-6,906	0		0
Profit/(loss) for the period									-3,470	<b>-3,470</b>	-288	<b>-3,758</b>
Other comprehensive income (losses)				0	-911	162	1,315			<b>566</b>	0	566
<b>Total comprehensive income (losses)</b>				0	<b>-911</b>	<b>162</b>	<b>1,315</b>	0	<b>-3,470</b>	<b>-2,904</b>	<b>-288</b>	<b>-3,792</b>
Share-based payments				0						0		0
Decons./Acquis./Chg. % held											-218	-218
Other changes										0		0
<b>Balance at 30 Sept. '10</b>	<b>2,756</b>	<b>32,070</b>	<b>950</b>	<b>9,724</b>	<b>1,428</b>	<b>-576</b>	<b>-9,175</b>	<b>35,025</b>	<b>-3,470</b>	<b>68,733</b>	<b>701</b>	<b>68,434</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST NINE MONTHS OF 2009												
	Attributed to the shareholders of the parent company										Minority interests	Total NE
	Share capital	Share prem. reserve	Legal res.	Other res.	Equity transaction res.	Cash flow hedge res.	Translation reserve	Retained earnings	Net profit/(loss)	Total		
<b>Balance at 1 Jan. '09</b>	2,756	32,070	950	9,269		-391	-12,105	20,491	7,627	<b>60,667</b>	812	<b>61,479</b>
Allocation of 2008 profit								7,627	-7,627	0		0
Profit/(loss) for the period									1,309	<b>1,309</b>	1,191	2,500
Other comprehensive income (losses)						-288	966			<b>678</b>	-51	628
<b>Total comprehensive income (losses)</b>				0		<b>-288</b>	<b>966</b>	0	<b>1,309</b>	<b>1,987</b>	<b>1,141</b>	<b>3,128</b>
Capital increase										0		0
Share-based payments				317						<b>317</b>		317
Decons./Acquis./Chg. % held										0	-351	-351
Other changes				62						<b>62</b>		62
<b>Balance at 30 Sept. '09</b>	<b>2,756</b>	<b>32,070</b>	<b>950</b>	<b>9,648</b>	<b>0</b>	<b>-679</b>	<b>-11,139</b>	<b>28,119</b>	<b>1,309</b>	<b>63,034</b>	<b>1,602</b>	<b>64,636</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Company information

Dada S.p.A. is an Italian corporation listed in the Florence Company Register. Its registered office and main headquarters are specified in the introduction to the annual report.

Dada S.p.A. (dada.dada.net) is an international leader in community and entertainment services via web and mobile, as well as in domain, hosting and advanced online advertising solutions.

For further information, please see the directors' report starting on page 8.

### 2. Preparation criteria

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

They are comprised of the balance sheet, income statement, statement of changes in shareholders' equity, cash flow statement, and these notes.

The publication of this report was authorized by the Board of Directors on 8 November 2010.

### Statement of compliance with IFRS

The condensed quarterly report for the period ended 30 September 2010 was prepared in accordance with the IFRS issued by the International Accounting Standards Board and approved by the European Union. The term "IFRS" encompasses all of the International Accounting Standards (IAS) and all interpretations published by the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC).

The condensed interim financial statements were prepared in summary form in accordance with IAS 34 and Art. 154 ter of the Consolidated Finance Act (Legislative Decree 58/1998). Therefore, they do not include all of the information required of annual reports and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2009.

### Main accounting standards

The accounting standards adopted for the preparation of the interim financial statements are the same as those used in the Group's annual financial statements for the year ended 31 December 2009, with the exception of the following new standards and interpretations applicable from 1 January 2010:

#### IFRS 2 – Share-based payments

The IASB issued an amendment to IFRS 2 which clarifies the accounting of share-based payments at Group level. This amendment supersedes IFRIC 8 and IFRIC 11. Its adoption has had no impact on the Group's financial position or performance.

#### IAS 39 – Financial instruments: recognition and measurement – eligible hedged items

The amendment concerns the designation of a one-sided risk in a hedged instrument and the designation of inflation as a hedged risk or a portion of hedged risk in certain situations. Its adoption has had no impact on the Group's financial position or performance.

#### IFRIC 17 – Distributions of non-cash assets to owners

This interpretation provides guidance for the accounting of transactions in which the company distributes non-cash assets to shareholders as dividends or from reserves. It has had no effect on the Group's financial position or performance.

Changes in the following standards have had no impact on the Group's accounting policies, financial position or results:

- IFRS 2 – Share-based payments
- IFRS 5 – Non-current assets held for sale and discontinued operations
- IAS 1 – Presentation of financial statements
- IAS 17 – Leases
- IAS 38 – Intangible assets
- IAS 39 – Financial instruments: recognition and measurement
- IFRIC 9 – Reassessment of embedded derivatives
- IFRIC 16 – Hedges of a net investment in a foreign operation

## Consolidation methods

The condensed interim report includes the results of the parent company, Dada S.p.A., and of its subsidiaries at and for the period ended 30 September 2010.

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

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

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

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

CURRENCY	AVERAGE EXCHANGE RATE 9M 2010	EXCHANGE RATE ON 30 SEPTEMBER 2010
US dollar	1.314526	1.3648
Brazilian real	2.340956	2.3201
British pound	0.857295	0.85995
Canadian dollar	1.361453	1.4073

## CONSOLIDATION SCOPE

Since the end of the previous year, the Dada Group's scope of consolidation has changed due to the consolidation of Poundhost and its subsidiaries from 1 January 2010, following the acquisition described in section 3 ("Business combinations") of these notes. The list of companies included in the consolidation is provided in Annex 3.

## Risks

### *Financial*

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

Given its numerous acquisitions in recent years, particularly abroad, the Dada Group is intent on arranging solid reporting and monitoring procedures for currency risk and interest rate/liquidity risk, and on reinforcing the corporate division in charge of financial risk management.

More specifically:

to hedge interest rate risk, an IRS was taken out with a major bank regarding the loan of €17,143 thousand payable at 30 September 2010 by the subsidiary Register.it. The fair value of this derivative instrument is recorded in an equity reserve in accordance with IAS 39. The previous year, an interest rate cap of 3.5% was arranged with a major bank with effect from 31 December 2009, concerning the loan with a residual balance of €6,400 thousand at 30 September 2010; at the end of May an additional 3% cap was arranged, with effect from 31 July 2010, on the loan with a period-end balance of €6,750 thousand. For both of these caps, on a fair value basis, the change in time value has been recorded in the income statement and the intrinsic value under shareholders' equity;

currency risk has been hedged through forward contracts for the purchase or sale of U.S. dollars, the effect of which has been fully recognized in the income statement.

Other risks

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

In Italy as in other countries, the industry is also strictly regulated with regard to personal privacy, consumer protection, and rules for commercial communications, value added services, and the telecommunications business in general. As a result of some recent measures (e.g. the new national numbering plan for "decade 4" services and the migration of users to the new numbers), such regulations are already affecting the business and their impact is likely to grow, with possible consequences for profitability. In this respect, some Group companies are or could soon be involved in disputes regarding the provision of services.

The Group operates largely by utilizing connectivity providers and telephone carriers, and provides content which in some cases is owned by third parties that supply the content or rights thereto. An interruption of services from these suppliers, or a deterioration in business relations with one or more of them (perhaps due to the negative market trends described above), could prevent Dada from supplying its own products and services to consumers or lead to disputes and litigation that would be detrimental to its results.

## Seasonal trends

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

### 3. Business combinations

#### Acquisition of the PoundHost Group

On 18 January 2010, through the U.K. subsidiary Namesco, the Dada Group took over all of the companies that constitute Poundhost: one of Great Britain's leading providers of dedicated and virtual hosting services. The price agreed was GBP 6.5 million, plus an earn-out of up to GBP 300 thousand depending on the achievement of earnings targets for the first quarter of 2010, and was paid in full in April 2010. The acquisition, therefore, cost a total of €7.8 million. The acquisition-date fair value of the assets acquired has been determined on a provisional basis.

In €/000

	Acquisition-date value	
Intangible assets	-	-
Property, plant and equipment	1,231	
Financial assets	57	
Cash and cash equivalents	64	
Trade receivables	189	
Other receivables	163	
Trade payables	-	598
Financial payables	-	246
Other payables	-	311
Taxes payable	-	89
<b>Total net assets</b>	<b>461</b>	
<b>Group's share of net assets</b>	<b>461</b>	
<b>Goodwill</b>	<b>7,381</b>	
<b>Total cost</b>	<b>7,841</b>	
Payments	-	7,840
Net cash of the subsidiary		64
<b>Net cash used</b>	<b>-</b>	<b>7,776</b>
<b>Balance due</b>		<b>0</b>

The companies making up Poundhost, consolidated on a line-by-line basis since 1 January 2010, contributed revenue of €3.8 million and profit of €0.4 million for the period.

Goodwill, after adjustment to the exchange rate in force on 30 September 2010, amounted to €7,559 thousand.

## 4. Segment information pursuant to IFRS 8

For operational purposes the Dada Group is organized into two business units: the Dada.net Division and the Dada.pro Division. There have been changes during the year in the Group's organizational structure; until 31 March 2010, there was a third, independently managed division comprised of Fueps S.p.A. (active in the casual and skill games market), which has now been fully integrated within Dad.net. The reorganization stems partly from recognition of the growth and development problems faced by the businesses in which Fueps was involved, which raised the need to overhaul its plans.

In compliance with IFRS 8, by which segment information has to be organized according to the same criteria used for management reporting purposes, the Group has also recognized a Corporate Division.

The different segments are therefore as follows:

- a) Dada.net: provision of services against payment of a subscription fee. Includes management of the casual and skill games market;
- b) Dada.pro: automatically provided services such as domain registration, fee-based e-mail and hosting, as well as digital advertising via mobile and web;
- c) Corporate: corporate services for the two business units. Revenue is earned by charging Group companies for services such as administration, finance, taxation, planning & control, purchasing, legal & corporate, communications, human resources, facility management, general services and ICT.

In addition to Dad.net itself, the Dada.net Division includes its Italian and foreign subsidiaries (direct and indirect), i.e. Clarence S.r.l., Dada Ent. Inc., Dada Iberia SL, Dada Brasil Ltda., E-Box S.r.l., Giglio Group S.p.A., Play.me Inc., Dada Canada Inc., and Fueps S.p.A.

The Dada.pro Division is headed by Register.it S.p.A., which owns Nominalia SL, Namesco Ltd., Namesco Ireland Ltd., Namesco Inc., and the companies in the Amen and Poundhost groups.

For the Dada.net Division, there were no changes in the scope of consolidation in the first nine months of the year. The Dada.pro Division changed with the consolidation of the Poundhost Group.

The following income statements by division present costs and revenue specific to each area. Financial activities and income taxes are not included in the divisional results. Costs and revenue are considered before interdivisional transactions, which are eliminated in the consolidation process (see the "adjustments" column).

Management separately monitors the operating results of its business units in order to decide how to allocate resources and measure performance. A segment's performance is evaluated on the basis of business volumes and operating margin. Net financial income/charges and taxes are addressed at Group level and are not allocated to each division.

Comparative figures for the previous year have been restated to reflect this new structure.

See the directors' report for comments on the main items in the tables below.

## Income statement by business segment for the period ended 30 September 2010

9M 2010					
	Dada.net	Dada.pro	Corporate	Adjustments	Consolidated
Revenue - Italy	17,628	28,068	o	o	45,695
Revenue - International	41,351	26,847	o	o	68,198
Revenue - Interdivisional	1,154	16,522	6,997	-24,673	o
<b>Net revenue</b>	<b>60,133</b>	<b>71,436</b>	<b>6,997</b>	<b>-24,673</b>	<b>113,894</b>
Increase in own work capitalized	1,121	3,435	o	o	4,556
Cost of services	-47,133	-55,736	-5,893	23,557	-85,204
Payroll costs	-8,082	-11,775	-2,596	o	-22,452
<b>Segment EBITDA</b>	<b>6,040</b>	<b>7,360</b>	<b>-1,491</b>	<b>-1,116</b>	<b>10,793</b>
Depreciation, amortization & writedowns	-5,375	-5,244	-1,658	1,116	-11,161
Impairment, provisions, and non-recurring charges	-465	-646	-404		-1,515
<b>EBIT</b>	<b>199</b>	<b>1,470</b>	<b>-3,553</b>	<b>o</b>	<b>-1,883</b>
					Net financial charges -1,574
					<b>Loss before taxes -3,457</b>
					Income taxes -301
					<b>Profit/(loss) before taxes -3,758</b>
					Minority interests 288
					<b>Group net loss -3,470</b>

## Income statement by business segment for the period ended 30 September 2009

9M 2009					
	Dada.net	Dada.pro	Corporate	Adjustments	Consolidated
Revenue - Italy	22,879	24,815	38		47,732
Revenue - International	36,561	30,683			67,243
Revenue - Interdivisional	1,223	6,537	7,943	-15,703	0
<b>Net revenue</b>	<b>60,662</b>	<b>62,035</b>	<b>7,981</b>	<b>-15,703</b>	<b>114,975</b>
Increase in own work capitalized	1,572	2,297			3,869
Cost of services	-42,955	-45,129	-6,523	14,370	-80,238
Payroll costs	-8,293	-11,013	-2,788		-22,094
<b>Segment EBITDA</b>	<b>10,986</b>	<b>8,190</b>	<b>-1,330</b>	<b>-1,333</b>	<b>16,512</b>
Depreciation, amortization & writedowns	-3,566	-4,212	-1,846	1,333	-8,291
Impairment, provisions, and non-recurring charges	-1,240	-779	-172		-2,191
<b>EBIT</b>	<b>6,180</b>	<b>3,199</b>	<b>-3,349</b>	<b>0</b>	<b>6,030</b>
<i>Segment EBIT/revenue</i>					
				Net financial charges	-2,025
				<b>Profit before taxes</b>	<b>4,005</b>
				Income taxes	-1,504
				<b>Net profit</b>	<b>2,501</b>
				Minority interests	-1,191
				<b>Group net profit</b>	<b>1,310</b>

## Geographical breakdown of Dada Group revenue

	9M 2010		9M 2009	
	Amount	% of total	Amount	% of total
Revenue - Italy	45,695	40%	47,732	42%
Revenue - International	68,198	60%	67,243	58%
<b>Consolidated revenue</b>	<b>113,894</b>		<b>114,975</b>	



## 5. Related party transactions

Transactions with related parties are within the normal scope of operations and are carried out at arm's length. They are similar to those described in the notes to the consolidated financial statements for the year ended 31 December 2009. Related party transactions are governed by a specific procedure approved by Dada S.p.A.'s Board of Directors. For further information see the section on significant events during the quarter.

## 6. Non-recurring income and charges

Non-recurring charges recognized in the income statement for the period ended 30 September amount to €1,086 thousand (including €562 thousand for the third quarter only), compared with €1,496 thousand last year.

Operating charges concern settlements paid during the period. Non-recurring payroll charges relate to the reorganization carried out in certain areas of business.

## 7. Plant and machinery

Plant and machinery increased by €3,211 thousand in the first nine months of 2010, due mainly to the purchase of servers and the installation of servers, networking systems and storage systems to enhance the server farm and the Music Box channel.

The increases in furniture and fittings (€54 thousand) and other assets (€8 thousand) concern the expenses incurred for the head offices of Dada Group companies in Italy and abroad.

The change in the scope of consolidation affected this item by over €1 million, due to the acquisition of the Poundhost Group in January 2010.

## 8. Intangible assets

In the first nine months of 2010, intangible assets increased by €6,770 thousand: €4,555 thousand for product and process development, and €2,215 thousand for brands, licenses, software and other rights, including the television rights acquired by Giglio Group S.p.A.

More specifically, the additions for "product/service development costs" refer to the capitalization of internal expenses incurred to develop new products and services, mostly concerning the portals and services of the Dada.net and Dada.pro Divisions. In the first nine months of 2010 these activities were concentrated in the Dada.pro Division, which continued to develop the product "Simply" and completed the integration with the Amen Group store. For Dada.net, they concern the portfolio of Community & Entertainment products and services that are purchased via web or mobile (SMS), as well as the music business platform.

These assets are capitalized on the basis of their future profitability and in accordance with the criteria established by international accounting standards. Their recognition is supported by a careful evaluation of the future economic benefits of these services. They are amortized on a straight-line basis over five years, which represents the estimated useful life of the projects.

Television rights and patents are amortized on a straight-line basis over three years.

## 9. Equity investments, financial assets and deferred tax assets

	Balance at 30/09/10	Balance at 31/12/09	Change	% change
Equity investments	0	0	0	
Financial receivables and other non-current assets	100	138	-38	-27.54%
<b>Total financial assets</b>	<b>100</b>	<b>138</b>	<b>-38</b>	<b>-27.54%</b>
Deferred tax assets	9,702	10,581	-879	-8.31%

The €100 thousand shown for financial receivables refers to security deposits on rented premises.

Deferred tax assets, at €9,702 thousand, stem from prior fiscal losses and temporary differences. Fiscal losses that can be carried forward to subsequent years amount to €54 million, of which €40 million can be carried forward indefinitely. Losses on which deferred tax assets have not been recognized come to €20 million.

Timing differences concern writedowns of receivables, provisions for risks and charges, and other adjustments made for tax purposes and will be reversed in the next few years. Deferred tax assets have also been recognized on the estimated recovery of fiscal losses.

Utilizations of deferred tax assets during the year relate to the IRES (corporate income tax) charge for 2010, while the increase was determined in accordance with the applicable accounting standard. For the sake of prudence, deferred tax assets have been recognized in the amount for which they will likely be recovered.

## 10. Trade receivables

Consolidated trade receivables at 30 September 2010 amounted to €34,950 thousand, compared with €33,960 thousand at 31 December 2009. The increase of 3% is in line with the Group's business trend during the first nine months of the year.

A significant portion of receivables is concentrated on a small number of customers, consisting mostly of telephone carriers and aggregators in Italy and abroad. Due to the nature of the Group's main customers, there has been a general increase in average collection times, although the payers have high credit ratings.

The increase of €430 thousand in the provision for doubtful accounts reflects the prudent writedown of receivables due to the financial difficulties of certain customers. The change in the scope of consolidation had no significant impact on this item. At 30 September 2010, the provision for doubtful accounts was sufficient to cover potential losses on all trade receivables.

There are no trade receivables due beyond one year that would require an assessment of financial loss.

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

## 11. Net debt

FINANCIAL POSITION	30/09/10	31/12/09	DIFFERENCE	
			Absolute	Percent
Cash on hand	23	429	-406	-95%
Bank and post office deposits	5,466	7,732	-2,266	-29%
<b>Cash and cash equivalents (A+B)</b>	<b>5,489</b>	<b>8,161</b>	<b>-2,672</b>	<b>-33%</b>
Current bank borrowings	-11,870	-4,923	-6,947	141%
Current portion of long-term debt	-10,254	-8,072	-2,182	27%
<b>Current debt (D+E)</b>	<b>-22,124</b>	<b>-12,995</b>	<b>-9,129</b>	<b>70%</b>
Non-current bank borrowings	-32,176	-30,862	-1,314	4%
Derivatives (receivable and payable, net)	-1,017	-970	-47	5%
<b>Non-current debt (G+H)</b>	<b>-33,193</b>	<b>-31,832</b>	<b>-1,361</b>	<b>4%</b>
<b>Total financial liabilities (F+I)</b>	<b>-55,317</b>	<b>-44,827</b>	<b>-10,490</b>	<b>23%</b>
<b>Net financial position (C+L)</b>	<b>-49,828</b>	<b>-36,666</b>	<b>-13,162</b>	<b>36%</b>

Financial liabilities consist of account overdrafts, the current and non-current portion of loans and finance leases, and the intercompany account with RCS Mediagroup for €378 thousand.

The short-term portion of loans and finance leases (due within one year) is classified under current liabilities.

The loans taken out by the Dada Group finance the various acquisitions carried out in recent years. Regarding the loan taken out in January to finance the acquisition of Poundhost and of a further interest in Giglio Group S.p.A.:

- €7.5 million was disbursed on 14 January 2010 by a major bank and is being paid back in 10 half-yearly installments starting on 31 July 2010. The balance due at 30 September was €6.75 million; the loan charges interest at the 1-, 3- or 6-month Euribor plus a variable spread;
- to acquire an additional share of Giglio Group for €1.25 million, Dada used an 18-month, stand-by credit line granted by a major financial institution.

See the 2009 Annual Report for details of all other loans outstanding at the close of the previous year.

## 12. General and payroll provisions

The following table shows movements in the provision for employee termination indemnities from 31 December 2009 to 30 September 2010:

	Balance at 31/12/09	Increases	Decreases	Other movements	Balance at 30/09/10
Provision for employee termination indemnities	1,209	696	-88	-592	1,225
<b>Total</b>	<b>1,209</b>	<b>696</b>	<b>-88</b>	<b>-592</b>	<b>1,225</b>

At 30 September 2010, the provision amounted to €1,225 thousand and reflects the total liability to employees, in accordance with the law and the terms of the collective employment contract. "Other movements" are payments made to INPS (social security).

As required by international accounting standards, the liability was determined using the Projected Unit Credit method, which treats every period of employment as the source of an additional unit of benefits and measures each unit separately when calculating the total accrued obligation.

The following table shows movements in the provision for risks and charges since the close of 2009:

	Balance at 31/12/09	Increases	Decreases	Other movements	Balance at 30/09/10
Provision for risks and charges	2,350	850	-1,344	132	1,988
<b>Total</b>	<b>2,350</b>	<b>850</b>	<b>-1,344</b>	<b>132</b>	<b>1,988</b>

The provision for risks and charges amounted to €1,988 thousand at 30 September, showing a decrease with respect to 31 December 2009 due to utilizations in the first nine months of the year. Most of these concern the class action suit involving the U.S. companies in the Dada Group, and expenses incurred for the reorganization. The increase for the period relates to new disputes that have arisen in 2010, and the revision of estimates made in previous years due to developments in ongoing litigation.

"Other movements" cover exchange rate differences (EUR/USD) on the provisions held by the U.S. company Dada Ent. Inc.

At 30 September, the provision for risks and charges included €656 thousand for employment law disputes, while the rest covers business litigation.

### 13. Trade and payables

Trade payables are amounts due for purchases of a commercial nature and other costs strictly related to the Group's operations. At 30 September 2010 they amounted to €38,699 thousand, a slight increase since the end-2009 balance of €36,789 thousand. The trend in this item closely parallels the trend in business volumes during the first nine months of the year, while the change in the scope of consolidation had only a marginal effect.

The company estimates that the carrying value of trade and other payables approximates their fair value.

### 14. Other liabilities

Taxes payable (€2,850 thousand) include withholding tax on salaries and consultants' pay for the month of September and income taxes pertaining to the period. The latter consist mainly of IRAP (regional tax) for the Group's Italian companies and of local taxes for subsidiaries abroad.

"Other payables", totalling €20,279 thousand, are mainly comprised of:

- bonus salaries due to employees ("*tredicesima*" and "*quattordicesima*") and pay in lieu of holiday;
- deferred income of €14,232 thousand, originating from contract revenue on domain, hosting, connectivity and other resale services pertaining to future periods.

## 15. Fixed assets of relevance to the cash flow statement

Movements in fixed assets are shown in the table below:

	Balance at 31/12/09	Additions	Disposals	Impairment losses	Other movements	Exchange gains/(losses)	Amort./Dep.	Balance at 30/09/10
Goodwill	102,818	7,559	-860	-1,215	58	1,522	0	109,881
Intangible assets	15,356	6,770	-117	-151		65	-6,088	15,835
Property, plant, and equipment	11,459	3,273	-65	0	1,222	122	-3,707	12,304
<b>Total fixed assets</b>	<b>129,633</b>	<b>17,602</b>	<b>-1,042</b>	<b>-1,366</b>	<b>1,280</b>	<b>1,709</b>	<b>-9,795</b>	<b>138,020</b>

Regarding goodwill:

Additions concern the acquisition of Poundhost in January 2010 (see the section on business combinations for details). Exchange gains on goodwill expressed in foreign currency relate in particular to the U.K. company Namesco Ltd.

The additions in other fixed assets are described above in the sections on property, plant and equipment and intangible assets.

## 16. Changes in equity reserves

At 30 September 2010, Dada S.p.A.'s share capital was comprised of 16,210,069 ordinary shares with a par value of €0.17 each, for a total of €2,756 thousand. There have been no increases in 2010.

Movements in shareholders' equity items are reported in the schedules on page 33.

The main equity reserves and their changes during the period are described below.

Share premium reserve: this is a capital reserve consisting of contributions from shareholders. There is no specific limit on its use. At 30 September 2010 it amounted to €32,071 thousand and there were no increases during the first nine months of the year.

Other reserves: these consist of the FTA reserve (first-time adoption of IFRS), the extraordinary reserve, the cash flow hedge reserve, and the equity transaction reserve. The extraordinary reserve amounts to €12,544 thousand and there have been no movements in 2010. The FTA reserve has also remained unchanged, at -€2,755 thousand. The cash flow hedge reserve came to -€738 thousand at 31 December 2009 and -€576 thousand at the close of the period. The equity transaction reserve, at €1,428 thousand, accrued in the amount of €2,339 thousand in 2009 due to the application of IFRS 3-Revised to the transfer of Dada Ent LLC. The change of -€911 thousand this year refers to an increase in goodwill from the purchase of an additional interest in Giglio Group S.p.A. (from 10% to 25%) in February 2010, which was recognized using the equity transaction method as the company was already under Dada's control at 31 December 2009, in accordance with agreements on residual capital and with the provisions of IFRS.

Translation reserve: this reserve contains the differences arising from the translation of subsidiaries' financial statements prepared in currencies other than the euro. The balance at 30 September 2010 was -€9,175 thousand. Movements for the period of €1,315 thousand stem from

the translation of the financial statements of Dada Entertainment Inc., Dada Brasile, Namesco, Dada Ent Canada and the Poundhost Group, and above all from the adjustment of goodwill for Namesco and Dada Ent.

## 17. Net change in financial payables and other financial assets recorded in the cash flow statement

The following table reconciles the change in consolidated net financial position with the change in cash and cash equivalents:

<i>Euro/ooo</i>	30/09/10	31/12/09
<b>Change in net financial position</b>	<b>-13,162</b>	<b>-5,229</b>
New medium/long-term loans	1,313	2,374
Change in non-cash derivatives	46	970
Current account with RCS	377	-
<b>Change in cash and cash equivalents</b>	<b>-11,426</b>	<b>-1,885</b>

The principal changes refer mainly to the long-term portion of new loans taken out during the period.

## 18. Commitments

The table below shows changes in commitments between 31 December 2009 and 30 September 2010:

	Balance at 31/12/09	Increases	Decreases	Other movements	Balance at 30/09/10
Sureties	49,783	10,677	14,297	217	46,380
<b>Total</b>	<b>49,783</b>	<b>10,677</b>	<b>14,297</b>	<b>217</b>	<b>46,380</b>

Sureties given amount to €46.4 million and are recorded in the amount guaranteed. The decreases are mainly due to:

- termination of the surety granted to the sellers in 2009 during the pre-closing phase of the Poundhost acquisition (€7.3 million);
- partial termination of guarantees backing the following payments due by Register.it S.p.A.: January and July installments (€4.3 million) of the loan taken out in July 2007 to finance the acquisition of Namesco Ltd.; January and July installments (€1.9 million) of the loans taken out in July 2007 and renewed in July 2008 to finance the acquisition of the Amen

Group; and the July installment (€0.8 million) of the loan taken out in January 2010 to finance the acquisition of Poundhost.

The increase concerns the mandate issued on the loan obtained to finance the Poundhost acquisition in January 2010 and a guarantee for two new 18-month, stand-by credit lines (each for €1.5 million) contracted during the year.

There are no potential commitments that are not recorded in the balance sheet.



## ANNEX 1

### RESTATED CONSOLIDATED INCOME STATEMENT FOR THE FIRST NINE MONTHS OF 2010

In EUR/000	9M 2010		9M 2009		DIFFERENCE	
	Amount	% of revenue	Amount	% of revenue	Absolute	%
<b>Net revenue</b>	<b>113,894</b>	<b>100%</b>	<b>114,975</b>	<b>100%</b>	<b>-1,081</b>	<b>-1%</b>
Change in inventories & increase in internal work capitalized	4,556	4%	3,869	3%	687	18%
Service costs and other operating expenses	-85,204	-75%	-80,236	-70%	-4,968	6%
Labour costs	-22,452	-20%	-22,096	-19%	-356	2%
<b>EBITDA *</b>	<b>10,794</b>	<b>9%</b>	<b>16,512</b>	<b>14%</b>	<b>-5,718</b>	<b>-35%</b>
Depreciation and amortization	-9,795	-9%	-8,002	-7%	-1,793	22%
Non-recurring income/(charges)	-236	0%	-1,496	-1%	1,260	-84%
Write-down of fixed assets	-1,366	-1%	-289	0%	-1,077	
Write-downs and provisions	-1,280	-1%	-695	-1%	-585	84%
<b>EBIT</b>	<b>-1,883</b>	<b>-2%</b>	<b>6,030</b>	<b>5%</b>	<b>-7,913</b>	<b>-131%</b>
Financial income	1,677	1%	1,824	2%	-147	-8%
Financial charges	-3,251	-3%	-3,304	-3%	53	-2%
Share of associates	0	0%	-546	0%	546	-100%
<b>Profit/(loss) before taxes</b>	<b>-3,457</b>	<b>-3%</b>	<b>4,004</b>	<b>3%</b>	<b>-7,461</b>	<b>-186%</b>
Income taxes	-301	0%	-1504	-1%	1,203	-80%
<b>Net profit/(loss)</b>	<b>-3,758</b>	<b>-3%</b>	<b>2,500</b>	<b>2%</b>	<b>-6,258</b>	<b>-250%</b>
Minority interests	288	0%	-1191	-1%	1,479	-124%
<b>Group net profit/(loss)</b>	<b>-3,470</b>	<b>-3%</b>	<b>1,309</b>	<b>1%</b>	<b>-4,779</b>	<b>-365%</b>

\* Gross of write-downs and other non-recurring charges

## ANNEX 2

### RESTATED CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER OF 2010

In EUR/ooo	3Q 2010		3Q 2009		DIFFERENCE	
	Amount	% of revenue	Amount	% of revenue	Absolute	% %
<b>Net revenue</b>	<b>36,900</b>	<b>100%</b>	<b>38,706</b>	<b>100%</b>	<b>-1,806</b>	<b>-5%</b>
Change in inventories & increase in internal work capitalized	1,482	4%	1,158	3%	324	28%
Service costs and other operating expenses	-27,716	-75%	-26,443	-68%	-1,273	5%
Labour costs	-7,402	-20%	-7,648	-20%	246	-3%
<b>EBITDA *</b>	<b>3,264</b>	<b>9%</b>	<b>5,773</b>	<b>15%</b>	<b>-2,509</b>	<b>-43%</b>
Depreciation and amortization	-3,541	-10%	-2,736	-7%	-805	29%
Non-recurring income/(charges)	-37	0%	-854	-2%	817	-96%
Write-down of fixed assets	0	0%	-135	0%	135	
Write-downs and provisions	-715	-2%	13	0%	-728	
<b>EBIT</b>	<b>-1,029</b>	<b>-3%</b>	<b>2,061</b>	<b>5%</b>	<b>-3,090</b>	<b>-150%</b>
Financial income	273	1%	108	0%	165	153%
Financial charges	-1,031	-3%	-656	-2%	-375	57%
Share of associates	0	0%	12	0%	-12	
<b>Profit/(loss) before taxes</b>	<b>-1,787</b>	<b>-5%</b>	<b>1,525</b>	<b>4%</b>	<b>-3,312</b>	<b>-217%</b>
Income taxes	-173	0%	-158	0%	-15	9%
<b>Net profit/(loss)</b>	<b>-1,960</b>	<b>-5%</b>	<b>1,367</b>	<b>4%</b>	<b>-3,327</b>	<b>-243%</b>
Minority interests	204	1%	-1166	-3%	1,370	-117%
<b>Group net profit/(loss)</b>	<b>-1,756</b>	<b>-5%</b>	<b>201</b>	<b>1%</b>	<b>-1,957</b>	<b>-974%</b>

\* Gross of write-downs and other non-recurring charges

## ANNEX 3

### NET WORKING CAPITAL AND NET FINANCIAL POSITION OF THE DADA GROUP AT 30 SEPTEMBER 2010

In EUR/ooo	30/09/10	31/12/09	DIFFERENCE	
			Absolute	Percent
<b>Fixed assets (A) (*)</b>	<b>138,120</b>	<b>129,733</b>	<b>8,387</b>	<b>6%</b>
Current operating assets (B)	53,633	56,350	-2,717	-5%
Current operating liabilities(C)	-61,278	-65,013	3,735	-6%
<b>Net working capital (D)=(B)-(C)</b>	<b>-7,645</b>	<b>-8,663</b>	<b>1,018</b>	<b>-12%</b>
Provision for termination indemnities (E)	-1,225	-1,210	-15	1%
Provision for risks and charges (F)	-1,988	-2,350	362	-15%
Other payables due beyond one year (G)	-8,000	-8,000	0	
<b>Net capital employed (A+D+E+F+G)</b>	<b>119,262</b>	<b>109,510</b>	<b>9,752</b>	<b>9%</b>
Non-current financial payables	-32,171	-30,861	-1,310	4%
<b>Shareholders' equity</b>	<b>-69,434</b>	<b>-72,844</b>	<b>3,410</b>	<b>-5%</b>
Short-term bank debt	-22,130	-12,996	-9,134	70%
Current financial receivables and derivatives	26	50	-24	-48%
Current financial payables and derivatives	-1,043	-1,020	-23	2%
Cash and cash equivalents	5,490	8,161	-2,671	-33%
<b>Net short-term financial position</b>	<b>-17,657</b>	<b>-5,805</b>	<b>-11,852</b>	<b>204%</b>
<b>Total net financial position</b>	<b>-49,828</b>	<b>-36,666</b>	<b>-13,162</b>	<b>36%</b>

## ANNEX 4

### Scope of consolidation at 30 September 2010

NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	HELD BY	% held	Consolidation period
Dada S.p.A.	Florence	EUR	2,755,711.73	(Parent)		Jan-Sept 2010
Agence des Medias Numerique Sas	Paris	EUR	37,000.00	Register.it S.p.A.	100.00	Jan-Sept 2010
Amen Ltd.	London	GBP	2.00	Register.it S.p.A.	100.00	Jan-Sept 2010
Amen Nederland B.V.	Amsterdam	EUR	18,000.00	Register.it S.p.A.	100.00	Jan-Sept 2010
Amenworld Servicios internet sociedade Unipersonal LDA	Lisbon	EUR	10,000.00	Register.it S.p.A.	100.00	Jan-Sept 2010
Clarence S.r.l.	Florence	EUR	21,000.00	Dada.net S.p.A.	100.00	Jan-Sept 2010
Dada.net S.p.A.	Florence	EUR	15,005,097.00	Dada S.p.A.	87.00	Jan-Sept 2010
Dada Entertainment Canada Inc.	Toronto	CAD	1.00	Dada Entertainment Inc.	100.00	Jan-Sept 2010
Dada Brasil Serviços de Tecnologia Ltda	Sao Paulo	BRL	779,764.00	Dada.net S.p.A.	98.00	Jan-Sept 2010
				Dada USA Inc.	2.00	Jan-Sept 2010
Dada Iberia SL (formerly Register Iberia SL)	Barcelona	EUR	3,006.00	Dada.net S.p.A.	100.00	Jan-Sept 2010
E-Box S.r.l.	Milan	EUR	10,000.00	Dada.net S.p.A.	30.00	Jan-Sept 2010
				Dada S.p.A.	40.00	Jan-Sept 2010
Fueps S.p.A.	Florence	EUR	1,500,000.00	Dada S.p.A.	100.00	Jan-Sept 2010
Giglio Group S.p.A.	Rome	EUR	2,100,000.00	Dada.net S.p.A.	(1) 65.00	Jan-Sept 2010
Namesco Inc.	New York	USD	1,000.00	Namesco Ltd.	100.00	Jan-Sept 2010
Namesco Ltd.	Worcester	GBP	100.00	Register.it S.p.A.	100.00	Jan-Sept 2010

NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	HELD BY	% held	Consolidation period
Namesco Ireland Ltd.	Dublin	EUR	1.00	Namesco Ltd.	100.00	Jan-Sept 2010
Nominalia Internet S.L.	Barcelona	EUR	3,005.00	Register.it S.p.A.	100.00	Jan-Sept 2010
Play Me, LLC	New York	USD	00.00	Dada Entertainment Inc.	100.00	Jan-Sept 2010
Poundhost Internet Ltd.	Worcester	GBP	200.00	Namesco Ltd.	100.00	Jan-Sept 2010
Register.it S.p.A.	Florence	EUR	8,401,460.00	Dada S.p.A.	(2) 100.00	Jan-Sept 2010
Simply Virtual Servers Limited	Worcester	GBP	2.00	Namesco Ltd.	100.00	Jan-Sept 2010
Simply Virtual Servers Llc	Delaware (USA)	USD	2.00	Simply Virtual Servers Limited	100.00	Jan-Sept 2010
Simply Transit Limited	Worcester	GBP	2.00	Namesco Ltd.	100.00	Jan-Sept 2010
Simply Acquisition Limited	Worcester	GBP	200.00	Namesco Ltd.	100.00	Jan-June 2010
Server Arcade Limited	Worcester	GBP	150.00	Simply Acquisition Limited	100.00	Jan-Sept 2010
Dada Entertainment Inc. (3)	New York	USD	102.28	Dada.net S.p.A.	100.00	Jan-Sept 2010

Notes

(1) including 40% held in pledge

(2) including 10% held through treasury shares

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