ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2011

Prepared according to IAS/IFRS

(This report has been translated into the English language from the original which was issued in Italian)

INDEX

1. GOVERNING BODIES AND OFFICERS

BOARD OF DIRECTORS

Chairman of the Board	Marco Pescarmona (1) (3) (5) (7)
Chief Executive Officer	Alessandro Fracassi (2) (3) (5)
Directors	Fausto Boni
	Andrea Casalini (4)
	Daniele Ferrero (4)
	Matteo De Brabant (4)
	Alessandro Garrone (4)
	Paolo Vagnone (4) (6)
	Marco Zampetti
	Giuseppe Zocco

STATUTORY AUDITORS

Chairman of the Board	Fausto Provenzano
Active Statutory Auditors	Paolo Burlando
	Francesca Masotti
Substitute Statutory Auditors	Marco Maria Cervellera
	Giuseppe Ragusa

INDEPENDENT AUDITORS PricewaterhouseCoopers S.p.A.

COMMITTEES

Audit Committee

Chairman	Marco Zampetti
	Andrea Casalini
	Daniele Ferrero

Remuneration Committee

Chairman	Paolo Vagnone
	Alessandro Garrone
	Andrea Casalini

Committe for transactions with related parties

Chairman	Andrea Casalini
	Daniele Ferrero
	Matteo De Brabant

(1) The Chairman is the Company's legal representative.
(2) The Chief Executive Officer legally represents the Company, disjointly from the Chairman, within the limits of the delegated powers.
(3) Member of the executive committee.

(4) Independent non-executive Director.
(5) Holds executive offices in some Group companies.
(6) Lead Independent Director.
(7) Executive Director in charge of overseeing the Internal Control System.

DIRECTOR'S REPORT ON OPERATIONS

YEAR ENDED DECEMBER 31, 2011

2. DIRECTORS' REPORT ON OPERATIONS

2.1. Introduction

Gruppo MutuiOnline S.p.A. (the "**Company**" or the "**Issuer**") is the holding company of a group of financial services firms with a leadership position in the Italian market for the distribution of retail credit and insurance products through remote channels and in the Italian market for the provision of credit-related business process outsourcing services for retail lenders (the "**Group**").

In the following sections, we illustrate the main aspects regarding the operations during the past financial year and the current economic and financial structure of the Group.

2.2. Organizational structure

As of December 31, 2011, the Issuer controls the following wholly-owned subsidiaries:

- **MutuiOnline S.p.A.**, **CreditOnline Mediazione Creditizia S.p.A.** and **cercassicurazioni.it S.r.l.**: operating in the Italian market for the distribution of credit and insurance products to retail consumers; together they represent the **Broking Division** of the Group;

- **Centro Istruttorie S.p.A.**, **Centro Finanziamenti S.p.A.**, **Centro Perizie S.r.l.**, **Effelle Ricerche S.r.l.**, **Quinservizi S.p.A.**, **Key Service S.r.l.** and **Finprom S.r.l.**: operating in the Italian market for the provision of credit-related outsourcing services to retail lenders; together they represent the **BPO** (i.e. Business Process Outsourcing) **Division** of the Group;

- **PP&E S.r.l.**: offering real estate renting and support services to the other Italian subsidiaries of the Issuer.

On December 16, 2011 the Group purchased, through Centro Perizie S.r.l., 75% of the ordinary share capital of Quinservizi S.p.A., an outsourcing company specialized in the servicing of employee loan portfolios. The price paid for this stake is Euro 4,453 thousand. This amount has been financed with a Euro 5,000 thousand loan with a maturity of 7 years provided by Cariparma S.p.A..

Subsequently to the acquisition, the minority shareholders of Quinservizi S.p.A. are Volta S.r.l. (sole director Amedeo Gentilini, previously owner of 10% of the capital of the company) with a 15% shareholding and Sidari Investimenti S.r.l., a company controlled by the Finanziaria Internazionale group, with a 10% shareholding.

We have also entered cross put and call agreements with the minority shareholders of Quinservizi for the residual 25% stake, exercisable during 2014, for a consideration linked to the operating margin of the company in financial years 2012 and 2013.

The purpose of the acquisition is to strengthen the BPO Division in the sector of outsourcing services for employee loans, an area in which the Group already had a consolidated presence focusing on processing activities for the origination phase.

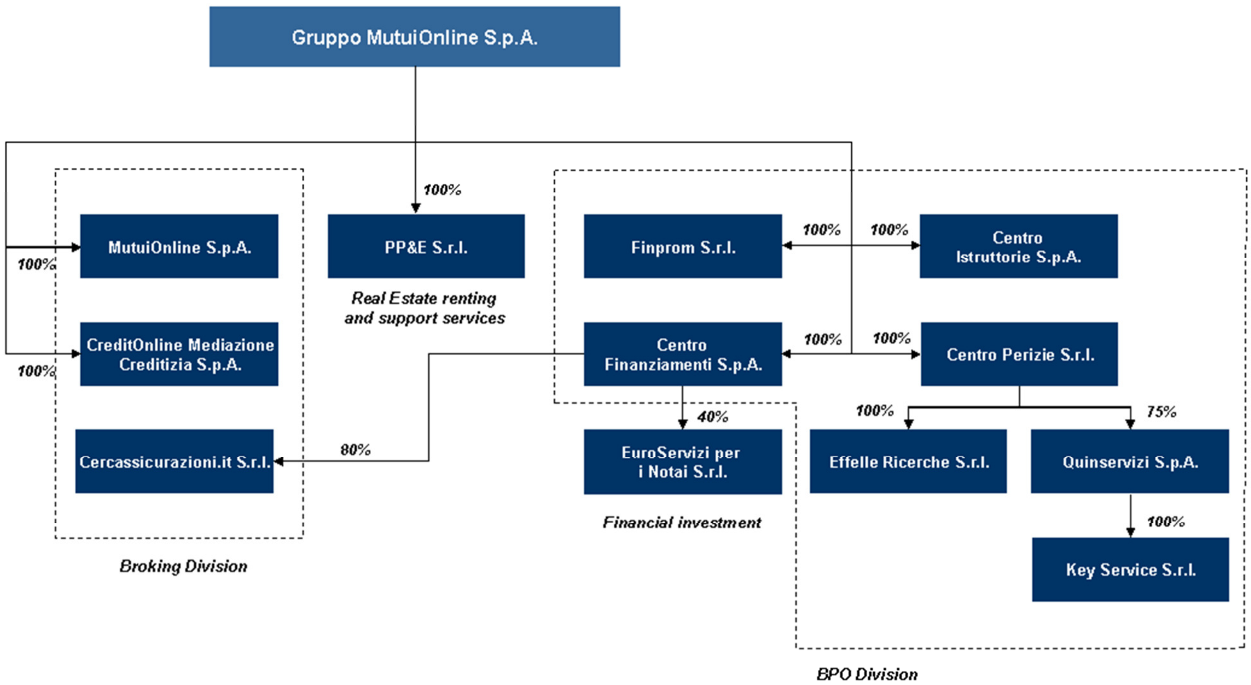
The Group also indirectly acquired on the same date Key Service S.r.l., a company fully controlled by Quinservizi S.p.A.. The activity of Key Service S.r.l., similarly to Quinservizi S.p.A., consists in the outsourced servicing of employee loan portfolios.

In the consolidated annual report for the year ended December 31, 2011, only the balance sheet items have been consolidated, as the two companies have been acquired close to the end of the financial year. Therefore the income of the year of the acquired entities has not been consolidated.

All the above mentioned companies are fully controlled, directly or indirectly, by the Issuer, with the exception of cercassicurazioni.it S.r.l. in which the Group holds a 80% stake through subsidiary Centro Finanziamenti S.p.A., of Quinservizi S.p.A. and of its subsidiary Key Service S.r.l..

Finally, the Group holds a 40% stake in EuroServizi per i Notai S.r.l. through subsidiary Centro Finanziamenti S.p.A.. The company is active in the provision of services to coordinate and facilitate relationships between public notaries, lenders, other businesses and professionals, consumers as well as in the provision of services to notaries and other professionals in general. This participation is currently considered a financial investment.

Therefore, with the acquisition of Quinservizi S.p.A. and Key Service S.r.l., as previously mentioned, the consolidation area as of December 31, 2011 has changed compared to the financial year ended December, 31, 2010.



Our Broking Division operates in the Italian market for loan distribution carrying out activities of credit intermediation and also in the market for insurance distribution as a broker. The activities carried out by our Broking Division are organized into four different business lines, on the basis of the product brokered and the channel through which we broker those products:

(a) **MutuiOnline Business Line:** broking mortgage loans through remote channels (www.mutuionline.it website);

(b) **PrestitiOnline Business Line:** broking consumer loans (prevalently personal loans) through remote channels (www.prestitionline.it website);

(c) **CreditPanel Business Line:** broking loans (prevalently mortgages) through physical channels; and

(d) **Cercassicurazioni Business Line:** broking insurance products, mainly motor third party liability and other motor insurance products through remote channels (www.cercassicurazioni.it website).

Our BPO Division's services for lenders principally consist of commercial sales and packaging services; loan underwriting services and liaising with third parties to collect related documentation and finalize the loan disbursement. Such services are performed with respect to two main retail credit products: residential mortgages; loans guaranteed by a withholding on the borrowers' salary or pension or by a payment mandate on the salary ("**Employee Loans**"). Our BPO services are structured along three separate business lines, on the basis of the type of services offered and the type of underlying loan product:

(a) Front-End Sales (**FEC Business Line**): provides remote loan sales and packaging;

(b) Mortgage Processing Center (**CEI Business Line**): provides mortgage underwriting and closing services; in this Business Line are currently included services for the valution of real estates; and

(c) Employee Loans Processing Center (**CLC Business Line**): provides Employee Loan sales, underwriting and closing services.

2.3. Information about the profitability of the Group

In the following paragraph we describe the principal factors affecting the results of the operations of the Group for the year ended December 31, 2011. The income statement and the cash flow data for the year ended December 31, 2011 are taken from the consolidated annual report prepared according to the international accounting standards approved by the European Union and are compared with the same data for the year ended December 31, 2010.

The following table shows the consolidated income statements of the Group for the years ended December 31, 2011 and 2010, together with the percentage weight of each item on the Group revenues.

(euro thousand)	Years ended on December 31, 2011	(a)	December 31, 2010	(a)	Change %
Revenues	71,835	100.0%	53,430	100.0%	34.4%
of which					
Broking Division	*41,914*	*58.3%*	*32,803*	*61.4%*	*27.8%*
BPO Division	*29,921*	*41.7%*	*20,627*	*38.6%*	*45.1%*
Other income	623	0.9%	588	1.1%	6.0%
Capitalization of internal costs	458	0.6%	349	0.7%	31.2%
Services costs	(19,130)	-26.6%	(15,118)	-28.3%	26.5%
Personnel costs	(19,134)	-26.6%	(13,352)	-25.0%	43.3%
Other operating costs	(2,150)	-3.0%	(2,568)	-4.8%	-16.3%
Depreciation and amortization	(1,595)	-2.2%	(1,289)	-2.4%	23.7%
Operating income	**30,907**	**43.0%**	**22,040**	**41.3%**	**40.2%**
Financial income	428	0.6%	443	0.8%	-3.4%
Financial expenses	(302)	-0.4%	(265)	-0.5%	14.0%
Income/(losses) from participations	45	0.1%	55	0.1%	-18.2%
Net income before income tax expense	**31,078**	**43.3%**	**22,273**	**41.7%**	**39.5%**
Income tax expense	(10,218)	-14.2%	(6,953)	-13.0%	47.0%
Net income	**20,860**	**29.0%**	**15,320**	**28.7%**	**36.2%**

(a) *% of total revenues*

Revenues for the year ended December 31, 2011, are Euro 71,835 thousand, up 34.4% compared to the previous year. Please refer to paragraph 2.3.1 for the evolution of revenues by Division and Business Line.

In the year ended December 31, 2011, services costs increase by 26.5% compared to the financial year ended December 31, 2010: the increase of services costs is mainly due to the increase of marketing costs aimed at increasing the awareness and reputation of the Group and of its brands and to stimulate demand for the services of the Broking Division, and to the increase of costs for notary and valuation services sustained by the BPO Division in its activities, as well as to the increase of the percentage commissions paid to the CreditPanel intermediaries.

Personnel costs increase by 433.4%, with a higher growth than revenues compared to the financial year ended December 31, 2010. This increase of personnel costs is mainly due to the growth of the BPO Division's business, which presents a higher proportion of personnel costs on total operating costs.

The following table provides information about the average headcount for the financial years ended December 31, 2011 and 2010:

	Years ended December 31, 2011	December 31, 2010
Managers	9	8
Supervisors	12	10
Employees	740	579
Professional collaborators and project workers	-	1
Average headcount	**761**	**598**
Headcount in Italy	438	368
Headcount in Romania	323	230

In this respect, with regards to the past audit from the territorial staff of the Ministry of Labor which affected subsidiaries MutuiOnline S.p.A. and Centro Istruttorie S.p.A., it is worth pointing out that there are no significant changes with respect to the information presented in the annual report for the year ended December 31, 2010.

Other operating costs show a slight decrease compared to the financial year ended December 31, 2010 due to a release of the allowance for doubtful receivables, which more than offsets the growth of non-deductible VAT costs.

Depreciation and amortization record an increase for the financial year ended December 31, 2011, compared to the previous financial year, in line with the increasing operating activity of the Group.

Financial income for the year ended December 31, 2011, shows a positive balance, down compared to the result of the previous financial year. The Group shows financial income for the interest generated by the available liquidity only partially offset by the negative net income deriving from the currency exchange gains of the foreign subsidiary, and by interest expenses on the current bank loans.

Finally, it is worth pointing out that the effective tax rate on taxable income presents an increase by over one percentage point compared to the effective tax rate of the previous financial year, mainly due to the deferred tax effect deriving from the redemption of the leasing contract for the building in Cagliari.

2.3.1. Revenues

The table below provides a breakdown of our revenues by Division and Business Line, for the years ended December 31, 2011 and 2010.

(euro thousand)	Years ended on December 31, 2011	(a)	December 31, 2010	(a)	Change %
MutuiOnline Business Line	26,855	37.4%	19,979	37.4%	34.4%
PrestitiOnline Business Line	10,319	14.4%	10,571	19.8%	-2.4%
CreditPanel Business Line	1,978	2.8%	1,603	3.0%	23.4%
Cercassicurazioni Business Line	2,762	3.8%	650	1.2%	324.9%
Total revenues of the Broking Division	**41,914**	**58.3%**	**32,803**	**61.4%**	**27.8%**
FEC Business Line	7,534	10.5%	3,890	7.3%	93.7%
CEI Business Line	18,240	25.4%	11,465	21.5%	59.1%
CLC Business Line	4,147	5.8%	5,272	9.9%	-21.3%
Total revenues of the BPO Division	**29,921**	**41.7%**	**20,627**	**38.6%**	**45.1%**
Total revenues	**71,835**	**100.0%**	**53,430**	**100.0%**	**34.4%**

(a) *Percentage of total revenues.*

Broking Division

Revenues of the Broking Division increase from Euro 32,803 thousand in the financial year ended December 31, 2010 to Euro 41,914 thousand in the financial year ended December 31, 2011 (+27.8%).

With reference to the financial year ended December 31, 2011, the revenues of the Broking Division are attributable for 64.1% to the MutuiOnline Business Line, for 24.6% to the PrestitiOnline Business Line, for 4.7% to the CreditPanel Business Line and for the remaining 6.6% to the Cercassicurazioni Business Line.

It is worth highlighting that the Group, in the full year 2011, brokered mortgages for slightly less than Euro 2 billion. About 30% of the brokered volumes are represented by re-mortgages or mortgages with other non-purchase purposes.

MutuiOnline Business Line

Revenues of the MutuiOnline Business Line grow from Euro 19,979 thousand in 2010 to Euro 26,855 thousand in 2011 (+34.4%) as a result of a significant increase of brokered mortgage volumes compared to the previous financial year.

PrestitiOnline Business Line

Revenues of the PrestitiOnline Business Line decrease from Euro 10,571 thousand in the year ended December 31, 2010 to Euro 10,319 thousand in the year ended December 31, 2011 (-2.4).

CreditPanel Business Line

Revenues of the CreditPanel Business Line increase from Euro 1,603 thousand in financial the year ended December 31, 2010 to Euro 1,978 thousand in the financial year ended December 31, 2011 (+23.4%), in line with the increase of the brokered mortgages volumes..

Cercassicurazioni Business Line

Revenues of the Cercassicurazioni Business Line grow from Euro 650 thousand in the financial year ended December 31, 2010 to Euro 2,762 thousand in the financial year ended December 31, 2011, as volumes of brokered contracts record a significant increase.

BPO Division

Revenues of the BPO Division increase from Euro 20,627 thousand in the financial year ended December 31, 2010 to Euro 29,921 thousand in the financial year ended December 31, 2011 (+45.1%).

In the financial year ended December 31, 2011, we highlight that the concentration of the BPO Division revenues is in line with the financial year ended on December 31, 2010. For this purpose, it is also worth highlighting that the incidence of the main client of the BPO Division on total revenues is equal to 24.9% down from 27.3% recorded by the main client of the Division in 2010.

The increase of revenues is mainly due to the sustained growth of revenues in the CEI and FEC Business Lines.

FEC Business Line

Revenues of the FEC Business Line increase from Euro 3,890 thousand in the financial year ended December 31, 2010 to Euro 7,534 thousand in the financial year ended December 31, 2011 (+93.7%).

CEI Business Line

Revenues of the CEI Business Line increase from Euro 11,465 thousand in the financial year ended December 31, 2010 to Euro 18,240 thousand in the financial year ended December 31, 2011 (+59.1%), thanks to the overall growth in processing volumes for all the main clients of the CEI Business Line.

CLC Business Line

Revenues of the CLC Business Line decrease from Euro 5,272 thousand in the financial year ended December 31, 2010 to Euro 4,147 thousand in the financial year ended December 31, 2011 (-21.3%).

2.3.2. Operating income (EBIT)

Operating income (EBIT) increases from Euro 22,040 thousand in the financial year ended December 31, 2010 to Euro 30,907 thousand in the financial year ended December 31, 2011 (+40.2%) as detailed in the following table.

(euro thousand)	Years ended on December 31, 2011	(a)	December 31, 2010	(a)	Change %
Operating income	30,907	43.0%	22,040	41.3%	40.2%
of which					
Broking Division	*23,697*	*56.5%*	*18,618*	*56.8%*	*27.3%*
BPO Division	*7,210*	*24.1%*	*3,422*	*16.6%*	*110.7%*

(a) *Percentage of total revenues, if appropriate by Division (operating margin).*

The operating income margin for the financial year ended December 31, 2011 is 43.0% of revenues, slightly up compared to the operating income margin for the financial year ended December 31, 2010. The operating income margin of the Broking Division slightly decreases compared to the previous year, whereas the operating income margin of the BPO Division shows an important increase compared to the previous year, attributable mainly to the increase of the revenues of the Division which has enabled a more efficient use of resources than in the previous years.

The ROI (Return on Investments) for the year ended December 31, 2011, defined as the ratio between EBIT of the period and total assets at the end of the period, is equal to 49.7% (49.2% in the year ended December 31, 2010).

2.3.3. EBITDA

EBITDA is calculated as net income before income tax expense, net financial income/(expenses), and depreciation and amortization.

The following table presents a reconciliation between net income and EBITDA for the financial years ended December 31, 2011 and 2010:

(euro thousand)	Years ended on December 31, 2011	December 31, 2010	Change	%
Net income	20,860	15,320	5,540	36.2%
Income tax expense	10,218	6,953	3,265	47.0%
Income/(losses) from participations	(45)	(55)	10	-18.2%
Financial expenses	302	265	37	14.0%
Financial income	(428)	(443)	15	-3.4%
Depreciation and amortization	1,595	1,289	306	23.7%
EBITDA	**32,502**	**23,329**	**9,173**	**39.3%**

EBITDA increase in the financial year ended December 31, 2011, passing from Euro 23,329 thousand in the financial year ended December 31, 2010 to Euro 32,502 thousand in 2011 (+39.3%).

2.3.4. Net income

Net income increases in the financial year ended December 31, 2011, passing from Euro 15,320 thousand in the financial year ended December 31, 2010 to Euro 20,860 thousand in the financial year ended December 31, 2011 (+36.2%), showing a similar trend compared to the operating income.

For the financial year ended December 31, 2011, the ROE (Return on Equity), defined as the ratio between the net income of the period and the net capital at the end of the period, is equal to 62.6% (49.2% in the financial year ended December 31, 2010).

2.4. Information about the financial resources of the Group

The following table presents the net financial position, as defined in the CONSOB communication N. DEM/6064293 dated July 28, 2006, as of December 31, 2011 and 2010.

(euro thousand)	As of December 31, 2011	As of December 31, 2010	Change	%
A. Cash and cash equivalents	24,871	10,620	14,251	134.2%
B. Other cash equivalents	-	-	-	N/A
C. Securities held for trading	1,980	10,879	(8,899)	-81.8%
D. Liquidity (A) + (B) + (C)	**26,851**	**21,499**	**5,352**	**24.9%**
E. Current financial receivables	**-**	**-**	**-**	**N/A**
F. Bank borrowings	(2,205)	(67)	(2,138)	3191.0%
G. Current portion of long-term borrowings	(739)	(666)	(73)	11.0%
H. Other short-term borrowings	-	(197)	197	-100.0%
I. Current indebtedness (F) + (G) + (H)	**(2,944)**	**(930)**	**(2,014)**	**216.6%**
J. Net current financial position (I) + (E) + (D)	**23,907**	**20,569**	**3,338**	**16.2%**
K. Non-current portion of long-term bank borrowings	(5,795)	(1,352)	(4,443)	328.6%
L. Bonds issued	-	-	-	N/A
M. Other non-current borrowings	-	(360)	360	-100.0%
N. Non-current indebtedness (K) + (L) + (M)	**(5,795)**	**(1,712)**	**(4,083)**	**238.5%**
O. Net financial position (J) + (N)	**18,112**	**18,857**	**(745)**	**-4.0%**

The net financial position as of December 31, 2011 and 2010 shows a positive (i.e. cash) balance. For a description of the evolution of cash flows please refer to the following paragraph 2.4.2.

The Debt/Equity ratio, defined as the ratio between net financial debt and net equity, as of December 31, 2011 is equal to -0.54 (-0.61 as of December 31, 2010).

2.4.1. Current and non-current indebtedness

Current and non-current indebtedness as of December 31, 2011 and 2010 is summarized in the following table.

(euro thousand)	As of December 31, 2011	December 31, 2010	Change	%
Other current bank borrowings	(2,205)	(67)	(2,138)	3191.0%
Bank borrowings	(6,534)	(2,018)	(4,516)	223.8%
Less than 1 year	(739)	(666)	(73)	11.0%
1 - 5 years	(3,655)	(1,352)	(2,303)	170.3%
More than 5 years	(2,140)	-	(2,140)	N/A
Finance lease obligations	-	(557)	557	-100.0%
Less than 1 year	-	(197)	197	-100.0%
1 - 5 years	-	(360)	360	-100.0%
Total financial indebtedness	**(8,739)**	**(2,642)**	**(6,097)**	**230.8%**

The non-current indebtedness as of December 31, 2011 is 66.2% of the total financial indebtedness.

It is worth pointing out the increase of the non-current indebtedness following the subscription of a Euro 5,000 thousand loan with a maturity of 7 years provided by Cariparma S.p.A.. to finance the purchase of Quinservizi S.p.A., as described in paragraph 2.2.

Finance lease obligations were completely settled during the year ended December 31, 2011 following the anticipated term of the contract with the redemption of the building.

Long and medium-term bank borrowings

Bank borrowings as of December 31, 2011, including accrued interest expenses (amounting to Euro 10 thousand) are summarized in the following table:

	As of December 31, 2011			
(euro thousand)	Less than 1 year	1 - 5 years	More than 5 years	TOTAL
Loan from Intesa Sanpaolo S.p.A.	(677)	(685)	-	(1,362)
Loan from Cariparma S.p.A.	(1)	(2,860)	(2,140)	(5,001)
Loan from Banca di Romagna S.p.A.	(61)	(110)	-	(171)
Bank borrowings	**(739)**	**(3,655)**	**(2,140)**	**(6,534)**

	As of December 31, 2010			
(euro thousand)	Less than 1 year	1 - 5 years	More than 5 years	TOTAL
Loan from Intesa Sanpaolo S.p.A.	(666)	(1,352)	-	(2,018)
Bank borrowings	**(666)**	**(1,352)**	**-**	**(2,018)**

Short-term bank borrowings and credit lines

Short-term bank borrowings

As of December 31, 2011, the Group had credit lines, not used, in the amount of Euro 1,000 thousand granted by Banca Popolare di Novara S.p.A., and credit lines for advances on invoices from Banca di Romagna S.p.A. and Banca di Vicenza S.p.A., equal to Euro 450 thousand, utilized as of December 31, 2011 for Euro 205 thousand.

Credit line granted by Intesa Sanpaolo S.p.A.

In addition, in July 2006 Intesa Sanpaolo S.p.A. granted to the Group a standing overdraft facility of Euro 2,000 thousand, for fixed utilization for a term of up to 18 months. The applicable interest rate is equal to Euribor plus 0.60%. The Group used this credit line starting from July 15, 2011 for a term of 12 months with an applicable interest rate equal to Euribor plus 0.60%.

Financing lease obligations

In November 2005, the Group entered into a finance lease agreement with an adjustable rate with Sanpaolo Leasint S.p.A.. The object of this agreement was the purchase of an office building located in Cagliari, which houses a large portion of the operations of the Group. On December 21, 2011 the Group redeemed the property from the finance lease with a payment of Euro 384 thousand.

During the financial years ended December 31, 2011 and 2010, the effective interest rate paid on this finance lease agreement was 2.2% and 1.8%, respectively.

2.4.2. Cash flow analysis

In the present paragraph we present an analysis of the consolidated cash flows of the Group for the financial years ended December 31, 2011 and 2010.

The following table shows a summary of the consolidated statements of cash flows for the financial years ended December 31, 2011 and 2010.

(euro thousand)	Years ended December 31, 2011	December 31, 2010	Change	%
A. Cash Flow from operating activities before changes in net working capital	23,728	16,529	7,199	43.6%
B. Changes in net working capital	(2,351)	(3,495)	1,144	32.7%
C. Net cash provided by operating activities (A) + (B)	**21,377**	**13,034**	**8,343**	**64.0%**
D. Net cash used in investing activities	**2,857**	**(11,845)**	**14,702**	**124.1%**
E. Net cash used in financing activities	**(12,243)**	**(18,069)**	**5,826**	**32.2%**
Net increase/(decrease) in cash and cash equivalents (C) + (D) + (E)	**11,991**	**(16,880)**	**28,871**	**171.0%**

In the financial year ended December 31, 2011 the Group generated liquidity for an amount equal to Euro 11,991 thousand, versus an amount of liquidity equal to Euro 16,880 thousand absorbed during the financial year ended December 31, 2010. This variation is attributable to all activities of the Group, as described below.

Cash flow generated by operating activities

Operating activities show an increase of cash generation, passing from Euro 13,034 thousand in the financial year ended December 31, 2010 to Euro 21,377 thousand in the financial year ended December 31, 2011.

This increase is mainly due to the increase of the operating activity of the Group, and is also linked to a decrease of the liquidity absorbed by net working capital, for the analysis of which please refer to paragraph 2.4.3.

Cash flows absorbed by investment activities

Investment activities generated cash for Euro 2,857 thousand in the financial year ended December 31, 2011 and absorbed cash for Euro 11,845 thousand in the financial year ended December 31, 2010. Cash generation during the financial year ended December 31, 2011 is attributable almost exclusively to a reduction in the use of available liquidity in short-term financial assets held to maturity for Euro 8,899 thousand, partially offset by the purchase of subsidiary Quinservizi S.p.A..

Cash flows generated by financial activities

Financial activities absorbed liquidity for Euro 12,243 thousand in the financial year ended December 31, 2011 and Euro 18,069 thousand in the financial year ended December 31, 2010.

The absorption of liquidity in the financial year ended December 31, 2011 is mainly due to the payment of dividends for Euro 13,885 thousand (Euro 13,665 thousand in 2010), and to the purchase and sale of own shares for Euro 2,175 thousand (Euro 1,331 thousand in 2010), partially offset by the increase of financial liabilities for Euro 3,788 thousand, mainly due to the signing of the loan agreement with Cariparma S.p.A..

2.4.3. Composition and changes in net working capital

The following table presents the breakdown of the components of net working capital as of December 31, 2011 and 2010.

	As of			
(euro thousand)	**December 31, 2011**	**December 31, 2010**	**Change**	**%**
Trade receivables	24,198	17,077	7,121	41.7%
Contract work in progress	326	689	(363)	-52.7%
Other current assets and tax receivables	773	695	78	11.2%
Trade and other payables	(4,944)	(5,453)	509	-9.3%
Tax payables	(3,033)	-	(3,033)	N/A
Other current liabilities	(4,822)	(2,861)	(1,961)	68.5%
Net working capital	**12,498**	**10,147**	**2,351**	**23.2%**

Net working capital increased thereby absorbing liquidity for Euro 2,351 thousand in the financial year ended December 31, 2011. This trend is mainly linked to the increase of “Trade receivables”, only partially offset by the increase of “Tax payables” and “Other current liabilities”.

“Trade Receivables” show an increase of 41.7%, passing from Euro 17,077 thousand as of December 31, 2010 to Euro 24,198 thousand as of December 31, 2011. This trend is linked to the increase of trade receivables, influenced in turn by the increase operating activity. For this purpose, it is worth pointing out that the Days of Sales Outstanding (DSO) are equal to 121 days for the year ended December 31, 2011 (115 days for the year ended December 31, 2010).

“Tax payables” show a significant growth due to a relevant increase of taxes for the financial year ended December 31, 2011.

The increase of “Other current liabilities” is mainly attributable to the increase of liabilities to personnel for accrued salaries that are still to be paid, in particular bonus liabilities for the financial year 2011 not yet paid as of December 31, 2011.

The other components of net working capital do not present any significant variations as of December 31, 2011.

2.5. Table of reconciliation of the consolidated net income and equity with the Issuer’s data

(euro thousand)	**Net income for the year ended December 31, 2011**	**Shareholders' equity as of December 31, 2011**	**Net income for the year ended December 31, 2010**	**Shareholders' equity as of December 31, 2010**
Net income and shareholders' equity of the Issuer	**11,118**	**13,654**	**13,622**	**16,134**
Net income and shareholders' equity of the subsidiaries	24,040	42,389	17,657	30,202
Consolidation adjustements				
Elimination of the value of investment in subsidiaries	-	(16,378)	-	(10,177)
Elimination of the dividends from associated companies	(13,829)		(15,721)	-
Own shares purchased by subsidiaries	-	(6,734)	-	(4,915)
Cost of stock options for the personnel of the subsidiaries	(332)	-	(183)	-
Other consolidation adjustments	(137)	973	(55)	190
Consolidated net income and shareholders' equity	**20,860**	**33,904**	**15,320**	**31,434**

Among other consolidation adjustments we also include Euro 3,619 thousand for the effects deriving from the recording of the financial liabilities versus minority shareholders emerging from the purchase options for further shares or stakes in cercassicurazioni.it S.r.l. and Quinservizi S.p.A., and Euro 4,844 thousand for the greater values deriving from the consolidation of shareholdings, mainly in Quinservizi S.p.A. and Effelle S.r.l. (company purchased during the year ended December 31, 2010).

2.6. Research and development

Within the Group, at least eight employees regularly work with the objective of improving and enhancing the IT systems and the software platforms used by the Group to supply its services to consumers, lenders and insurance companies.

The capitalized costs related to software development in the financial year ended on December 31, 2011 amount to Euro 458 thousand (Euro 349 thousand in the financial year ended December 31, 2010).

The proprietary software platforms represent the heart of the operations of the companies of the Group in both Divisions and must be continuously expanded and developed to improve their commercial effectiveness, incorporate legislative changes, manage new kinds of products, simplify processes, increase efficiency, improve consulting ability, increase operators' productivity, adapt to the increasingly sophisticated underwriting criteria of lenders, and ensure data protection and security.

2.7. Own shares

On November 9, 2010, the shareholders' meeting revoked, for the unused portion, the previous authorization for the purchase and sale of own shares dated April 22, 2010 and authorized the purchase of own shares within the limits of retained earnings and distributable reserves from the last approved statutory financial statements of the Issuer and for a period of 18 months, with the following purposes:

(a) for activities in support of market liquidity;

(b) for the eventual use of shares as compensation in extraordinary transactions, including exchange of participations with other subjects, as part of transactions in the Company's interest;

(c) to allot own shares purchased to distribution programs, against payment or free of charge, of stock options or shares to employees, directors and other personnel of the Company or its subsidiaries, as well as for the service of programs for the free allocation of shares to shareholders;

(d) for the execution of the contract signed between the Issuer and "Equita SIM S.p.A.", for its role as specialist on the stock market;

(e) for an efficient investment of the liquidity of the Group.

During the year ended December 31, 2011 the Issuer purchased 100,000 own shares equal to 0.253% of ordinary share capital.

During the year ended December 31, 2011 the Issuer sold 38,500 own share, following the exercise of an equal number of vested stock options.

As of December 31, 2011 the Issuer held 561,500 own shares equal to 1.421% of ordinary share capital, for a total value equal to Euro 2,725 thousand.

During the financial year ended December 31, 2011 subsidiary MutuiOnline S.p.A., within the limits and with the purpose of the authorization granted by its shareholder's meeting on October 23, 2009 and May 20, 2010, purchased a total of 395,026 shares of the Issuer, equal to 1.000% of ordinary share capital, at a total cost of Euro 1,819 thousand. As of December 31, 2011 subsidiary MutuiOnline S.p.A. held a total 1,500,000 shares of the Issuer, equal to 3,796% of ordinary share capital, purchased at a total cost of Euro 6,159 thousand.

It is worth pointing out that as of December 31, 2011 subsidiary Centro Istruttorie S.p.A. had purchased a total of 151,522 shares of the Issuer, equal to 0.383% of ordinary share capital of the Issuer, at a total cost of Euro 575 thousand.

Summing up, as of December 31, 2011, the Issuer and its subsidiaries held a total of 2,213,022 shares of the Issuer, equal to 5.601% of ordinary share capital, purchased at a total cost of Euro 9,659 thousand.

During the first months of 2012, the Issuer has not made any purchase of own shares.

2.8. Report on corporate governance

For the report on corporate governance and on the adhesion to the codes of conduct, please refer to the report approved by the Board of Directors on March 14, 2012 and attached to this document.

2.9. Shareholdings of the members of the governing and controlling bodies, general managers and managers with strategic responsibilities

The following table shows the participations in the ordinary share capital of the Issuer held by the members of the governing and controlling bodies, general managers and managers with strategic responsibilities in the year ended December 31, 2011.

Name	Office	Shares held as of December 31, 2010	Shares purchased	Shares sold	Shares held as of December 31, 2011	Possession title	Way of possession
Marco Pescarmona	Chairman	-	-	-	-		
Alessandro Fracassi	CEO	-	-	-	-		
Fausto Boni	Director	133,952	-	-	133,952	P	D
Andrea Casalini	Director	-	10,000	-	10,000	P	D
Daniele Ferrero	Director	-	21,592	-	21,592	P	I
Matteo De Brabant	Director	-	-	-	-		
Alessandro Garrone	Director	-	-	-	-		
Paolo Vagnone	Director	50,000	-	-	50,000	P	D
Marco Zampetti	Director	15,000	-	-	15,000	P	D
Giuseppe Zocco	Director	-	-	-	-		
Fausto Provenzano	Chairman of the board of the statutory auditors	3,500	-	-	3,500	P	D
Paolo Burlando	Statutory auditor	-	7,000	-	7,000	P	D
Francesca Masotti	Statutory auditor	-	-	-	-		

Legend:
P: Property
D: Direct possession

Besides, it is worth pointing out that Marco Pescarmona holds a 50% indirect shareholding in Alma Ventures S.A. (through Guderian S.r.l.) and Alessandro Fracassi holds a 50% indirect shareholding in Alma Ventures S.A. (through Casper S.r.l.) and that Alma Venture S.A., as of December 31, 2011, holds 12,841,070 shares of the Issuer, equal to 32.5% of the ordinary share capital, none of which was purchased during the year ended December 31, 2011.

Finally, it is worth pointing out that there are no managers with strategic responsibilities.

2.10. Evolution of the Italian residential mortgage market

The Italian residential mortgage market has progressively deteriorated since September 2011, leading to a deep contraction of gross mortgage flows compared to the previous year. Data published by CRIF, the main provider of credit bureau services in the country, show a year-on-year contraction of mortgage-related credit bureau inquiries of 23% in September, 33% in October, 46% in November and 49% in December 2011. For January 2012, CRIF reports a 44% year-on-year contraction of mortgage applications, while Assofin, an industry association that represents most mortgage lenders, reports a 57% contraction of gross mortgage flows; such outcome is attributable to a 77% drop of refinancing mortgages together with a 42% reduction of purchase mortgages.

Such deterioration is due to the financial crisis that has acutely affected both the Italian sovereign debt and the domestic financial system, leading to dramatic changes in the political landscape, with profound impacts on both supply and demand for credit.

On the supply side, starting from September 2011, the banks operating in Italy, both local and foreign owned, under the pressure of critical funding issues, have continuously applied significant price increases and restrictions to the credit supply, taking in a few months the average residential mortgage spreads from less than 150 bps to more than 300 bps, with in many cases a shift of the maximum LTV threshold from 80% to 70%. In the first months of 2012 the credit supply situation seems to have stabilized and we are generally not observing further price increases or credit restrictions; moreover, in March we have observed some weak signals of greater credit appetite from selected banks. Looking forward, the strong contraction of gross mortgage flows recorded by many lenders in the early months of 2012 has the potential to lead, especially after the June deadline set by EBA for the verification of bank capital requirements, to a moderate increase in competition, which could imply a softening of underwriting criteria and some downward pressure on prices.

On the demand side, we observe a sharp contraction, caused by a set of factors including: consumer concerns about their job and income prospects in a situation of economic crisis and austerity; reduced housing affordability as the increase in the cost of mortgages has not been counterbalanced by a similar reduction of property prices; the increase in the taxation of real estate as well as the greater attention of the tax authorities to real estate transactions as possible indicators of undeclared income. In the short term, demand exhibits another driver of contraction, namely the tendency of many consumers to postpone property purchase decisions in the hope of a normalization of the situation and in particular of a reduction of borrowing costs. The worsening of demand has manifested itself with a delay of some months compared with the deterioration of mortgage supply and as of today we do not see any signs of improvement; presently, the weakness of demand probably represents a greater obstacle to the recovery of the mortgage market than the situation of supply. Pre-conditions for the recovery of mortgage demand should be a sensible reduction of property prices, the completion of the main reforms by the Government including in particular the reform of the labor market, as well as the resumption of economic growth in the Country.

For the rest of 2012, we deem it appropriate to forecast the continuation of the current trend of strong contraction of the market, at least for the first half of the year. Afterwards, provided that the above hypotheses for the improvement of supply and the recovery of demand are met, we could envisage a slow and progressive restart of the market which could become visible after the summer break.

2.11. Foreseeable evolution

2.11.1. Broking Division

The financial year ended December 31, 2011 witnessed a strong improvement of the results of the Broking Division, mainly thanks to the growth of the mortgage-related Business Lines.

However, following the discontinuities in the reference market, starting from September 2011, all the credit-related Business Lines have shown a progressive strong deterioration of the main business indicators, with a reduction of activity volumes generally comparable to the contraction of the market. In terms of revenues and income, the effects of such deterioration will be fully visible in the first quarter 2012. More broadly, for 2012 we envisage an evolution of business volumes in line with the development of the market.

The insurance broking business, which mainly refers to the mandatory vehicle insurance market, is continuing on the other hand do display positive growth, even if break-even has not yet been reached.

MutuiOnline Business Line

The revenues of the MutuiOnline Business Line increase from Euro 20.0 million in 2010 to Euro 26.9 million in 2011 (+34.4%), mainly thanks to an increase of the volume of brokered mortgages, which exceeded Euro 2 billion in 2011. Refinancing and other non-purchase mortgages represent around 30% of these volumes.

In the fourth quarter 2011, despite a strong drop of input applications comparable to the contraction of the reference market, we have recorded high volumes of brokered mortgages thanks to the drag effect of the pipeline, amplified by the acceleration of mortgage closings linked to the expiration of favorable pricing on earlier applications.

The outlook for 2012, from the beginning of the year, is a contraction of brokered mortgage volumes in line with the evolution of the market, which could be worsened by our greater relative exposure to the refinancing segment, where the contraction is even deeper. Average fees are expected to experience slight downward pressure due to reduced business volumes.

PrestitiOnline Business line

The revenues of the PrestitiOnline Business Line evolve from Euro 10.6 million in 2010 to Euro 10.3 million in 2011 (-2.4%). This contraction can be attributed to a significant drop in revenues in the fourth quarter 2011 compared to the same period of the previous year, which has more than counterbalanced the mild growth of the first nine months of the year; we highlight that the commercial pipeline for personal loans is much faster than for mortgages, therefore changes in input volumes rapidly translate into revenue effects.

In the first months of 2012, input and output volumes show a contraction that is probably slightly stronger than that of the broad personal loan market. This seems to be mainly related to the trend of the demand for personal loans aimed at car purchase and house refurbishment, which historically represent the main loan purposes for PrestitiOnline and which today exhibit a stronger drop compared to other loan purposes. For the rest of the year, we expect the continuation of this trend, with the possibility of a progressive recovery in case of an improvement of consumer confidence and a resumption of economic growth.

CreditPanel Business Line

The revenues of the CreditPanel Business Line increase from Euro 1.6 million in 2010 to Euro 2.0 million in 2011 (+23.4%), mainly due to an increase in brokered mortgage volumes.

The development plans of the Business Line are currently on hold, as the regulatory development of the market remains partially uncertain as the implementation regulations required for the full entry into force of D.Lgs. 141 of 13 August 2010 have not been issued yet, despite the explicit legislative deadline of 31 December 2011 for their publication.

Cercassicurazioni Business Lines

The revenues of the Cercassicurazioni Business Line increase from Euro 0.7 million in 2010 to Euro 2.8 million in 2011 (+324.9%), as the business is reaching greater maturity.

For 2012 we expect incremental growth and continuous optimization of the business, which operates in a highly competitive sector.

2.11.2. BPO Division

The BPO Division achieved strong growth in 2011, both in terms of revenues and profitability, with the operating margin reaching 24.1% in 2011 (compared to 16.6% in 2010). This result has been achieved due to the contribution of the mortgage-related Business Lines: we highlight, in particular, that the CEI Business Line has processed in 2011 more than Euro 4.8 billion of closed mortgages, equal to around 10% of the total Italian market.

The impact of the crisis of the reference market on the BPO Division is however heavier than we originally expected, as our foreign bank clients, which in the fourth quarter 2011 maintained a trajectory of growth/stability, have recently significantly reduced their commercial push and restricted their credit underwriting policies, with the objective of limiting their exposure to the Eurozone and to the Italian market in particular. The input business volumes are now showing a contraction trend similar to the overall mortgage market.

We therefore expect a 2012 with a significant drop in volumes and significant overcapacity in the mortgage-related Business Lines, especially for the first part of the year, whose effects on the profitability of the Division will be visible from the first quarter. The Group is already addressing this overcapacity, but interventions will be a function of its size and duration, which remain highly uncertain.

This negative scenario is partially mitigated by the good growth prospects of the new employee loan servicing business which was added to the portfolio of the Division with the acquisition of Quinservizi S.p.A. and Key Service S.r.l.. The excess capacity in the mortgage area is however difficult to use in the short term to support the growth of this business due to the different geographic location. The Group is actively pursuing potential synergies, preserving and valorizing the substantial skills of the acquired entities.

FEC and CEI Business Lines

During 2011, both the FEC and the CEI Business Lines display significant growth, respectively of 93.7% and 59.1% compared to 2011, thanks to the increase of processed volumes both for new and consolidated clients.

Starting in September 2011 for the FEC Business Line and in November 2011 for the CEI Business Line, we have witnessed a progressive strong reduction of input volumes. A client bank, of limited size, has informed us in January 2012 that it intends to suspend all mortgage lending activity.

In this deteriorated scenario, we expect a significant reduction of the revenues of both Business Lines, already visible in the early months of 2012, which will adversely impact the margin of the Division, given the partial rigidity of the cost structure.
The progressive stabilization of the market situation, at least on the credit supply side, and the target volumes communicated by the client lenders, allow us to expect in the second half of the year a recovery from the lows of the current months. Moreover, some existing clients have compensated, even if only in part, the reduction of new mortgage volumes by extending the scope of the activities outsourced to the Group. Finally, we have started some small "pilot" collaborations with new clients, involving outsourced FEC commercial activities for personal loans.

CLC Business Line

As expected, the performance of the CLC Business Line in 2011 has been adversely affected by the termination and subsequent liquidation of the main historical client of the Business Line, leading to a 21.3% revenue contraction compared to 2010. On a positive note, contrary to previous expectations, we have been able to recover 100% of the receivables from the above client.

The targets communicated by our clients for 2012 would imply a substantial stability of the business, even if in the early months of the year we are observing a reduction of input volumes. During the second quarter 2012 we expect to activate a new contract with a mid-sized lender, relative to the employee loan business generated by the branch network of the bank, similar to the existing agreements with other traditional retail banks.

Within the area of employee loan outsourcing services, we can now include the portfolio servicing business carried out by Quinservizi S.p.A., which was acquired in December 2011. We highlight that Quinservizi has recorded in 2011 revenues of Euro 4.2 million and net income of Euro 0.7 million (not included in the consolidated income statement the Group).

The portfolio servicing business is today meeting a strong interest from both existing and potential clients, one of which has already been acquired, also thanks to the commercial and operational synergies with the Group. For 2012, we expect substantial growth in this new area of employee loan outsourcing services.

2.12. Other information

2.12.1. Offices

The registered offices of the Issuer and of the Italian subsidiaries are located at Via Felice Casati, 1/A, Milan with the exception of cercassicurazioni.it S.r.l. whose registered office is located at Via Ciro Menotti 11, Milan, and Quinservizi S.p.A. and Key Service S.r.l. whose registered office is located at Via Romolo Ossani, 14, Faenza.

The registered and operating offices of Finprom S.r.l. are in Str. Cocorilor n. 24/A., Arad, Romania.

The administrative offices of the Group are located at via Pietro Rondoni 1, Milan.

The main operating offices of the Group are located at the continuation of Via Igola, Cagliari; some of the operating activities of the BPO Division are performed in the offices located in Strada C, Zona Industriale, Villacidro (CA).

2.12.2. Relations with related parties

Relations with related parties are mainly relations with the companies of the Group.

The following table shows the intercompany balances as of December 31, 2011 and the intercompany transactions for the financial year ended December 31, 2011.

		EXPENSES											
	(euro thousand)	Gruppo MutuiOnline S.p.A.	MutuiOnline S.p.A.	CreditOnline Med. Cred. S.p.A.	Centro Istruttorie S.p.A.	Centro Finanziamenti S.p.A.	PP&E S.r.l.	cercassicurazioni.it S.r.l.	Finprom S.r.l.	Centro Perizie S.r.l.	Effelle Ricerche S.r.l.	EuroServizi per i Notai S.r.l.	Total
INCOME	**Gruppo MutuiOnline S.p.A.**	-	6,520	3,020	1,041	1,298	74	-	1,741	140	40	-	**13,874**
	MutuiOnline S.p.A.	250	-	-	-	-	-	-	-	-	-	-	**250**
	CreditOnline Med. Cred. S.p.A.	138	-	-	-	-	-	-	-	-	-	-	**138**
	Centro Istruttorie S.p.A.	17	-	-	-	-	3	-	-	-	-	339	**359**
	Centro Finanziamenti S.p.A.	13	-	-	-	-	1	-	-	-	-	-	**14**
	PP&E S.r.l.	48	87	48	1,158	249	-	-	-	-	-	-	**1,590**
	cercassicurazioni.it S.r.l.	-	-	-	-	-	-	-	-	-	-	-	**-**
	Finprom S.r.l.	-	-	-	4,035	-	-	33	-	-	-	29	**4,097**
	Centro Perizie S.r.l.	-	-	-	-	-	-	-	-	-	290	-	**290**
	Effelle Ricerche S.r.l.	2	-	-	69	-	-	-	-	-	-	-	**71**
	EuroServizi per i Notai S.r.l.	-	-	-	373	-	-	-	-	-	-	-	**373**
	Total	**468**	**6,607**	**3,068**	**6,676**	**1,547**	**78**	**33**	**1,741**	**140**	**330**	**368**	**21,056**

		LIABILITIES											
	(euro thousand)	Gruppo MutuiOnline S.p.A.	MutuiOnline S.p.A.	CreditOnline Mediazione Creditizia S.p.A.	Centro Istruttorie S.p.A.	Centro Finanziamenti S.p.A.	PP&E S.r.l.	Finprom S.r.l.	Cercassicurazioni.it S.r.l.	Centro Perizie S.r.l.	Effelle Ricerche S.r.l.	EuroServizi per i Notai S.r.l.	Total
ASSETS	**Gruppo MutuiOnline S.p.A.**	-	10,955	3,987	2,579	1,661	116	-	-	5,234	75	-	**24,607**
	MutuiOnline S.p.A.	250	-	-	-	-	19	-	-	-	-	-	**269**
	CreditOnline Mediazione Creditizia S.p.A.	138	-	-	-	-	-	-	-	-	-	-	**138**
	Centro Istruttorie S.p.A.	17	-	-	-	-	230	-	-	-	-	163	**410**
	Centro Finanziamenti S.p.A.	13	-	-	-	-	50	-	-	-	-	-	**63**
	PP&E S.r.l.	-	-	-	-	-	-	-	-	-	-	-	**-**
	Cercassicurazioni.it	177	-	-	-	-	-	-	-	-	-	-	**177**
	Finprom S.r.l.	-	-	-	1,298	-	-	3	-	-	-	-	**1,301**
	Centro Perizie S.r.l.	39	-	-	-	-	-	-	-	-	290	-	**329**
	Effelle Ricerche S.r.l.	2	-	-	69	-	-	-	-	-	-	-	**71**
	EuroServizi per i Notai S.r.l.	-	-	-	101	-	-	-	-	-	-	-	**101**
	Total	**636**	**10,955**	**3,987**	**4,047**	**1,661**	**415**	**3**	**-**	**5,234**	**365**	**163**	**27,466**

Income and expenses

The income of Gruppo MutuiOnline S.p.A. with companies of the Group is attributable to the revenues for coordination services and for accrued interests on bank accounts managed within cash pooling during the financial year ended December 31, 2011. We also remind that Gruppo MutuiOnline S.p.A. has received from MutuiOnline S.p.A., CreditOnline Mediazione Creditizia S.p.A., Centro Finanziamenti S.p.A. and Finprom S.r.l. dividends for a total amount of Euro 13,539 thousand.

The income of MutuiOnline S.p.A., CreditOnline Mediazione Creditizia S.p.A., Centro Istruttorie S.p.A., Centro Finanziamenti S.p.A. and Effelle Ricerche S.r.l. from Gruppo MutuiOnline S.p.A. is related to accrued interests on bank accounts managed within cash pooling during the financial year ended December 31, 2011.

Furthermore, the income of PP&E S.r.l. from other companies of the Group is mainly related to the fees received for the rent of the operating office in Cagliari and for the related office residence services.

The income of Centro Istruttorie S.p.A. from EuroServizi per i Notai S.r.l. is related to the remuneration for outsourcing services during the financial year ended December 31, 2011.

The income of Finprom S.r.l. from Centro Istruttorie S.p.A., cercassicurazioni.it and EuroServizi per Notai S.r.l. is linked to the remuneration for outsourcing services during the financial year ended December 31, 2011. We remind that such performance of services takes place at normal market conditions.

The income of Centro Perizie S.r.l. from Effelle Ricerche S.r.l. is linked to the remuneration deriving from dividends resolved during the financial year ended December 31, 2011.

The income of EuroServizi per i Notai S.r.l. from Centro Istruttorie S.p.A. refers to the remuneration for outsourcing services rendered during the financial year ended December 31, 2011.

Assets and liabilities

The assets of the Issuer versus its subsidiaries are mainly represented by other current assets for receivables derived from the adhesion to the tax consolidation regime, for receivables deriving from dividends resolved from subsidiaries and not yet paid, and for receivables for cash on active bank accounts managed within cash pooling.

The liabilities of the Issuer versus its subsidiaries are mainly represented by other current liabilities for payables derived from the adhesion to the tax consolidation regime and for payables for cash on active bank accounts managed within cash pooling.

The assets of Centro Istruttorie S.p.A. versus EuroServizi per i Notai S.r.l. are related to the remuneration for outsourcing services during the financial year ended December 31, 2011 but not yet paid.

The other liabilities of PP&E S.r.l. to the companies of the Group are related to the deposits made under the rental agreements of the operating offices in Cagliari.

The assets of Centro Perizie S.r.l. versus Effelle Ricerche S.r.l. are related to receivables deriving from dividends resolved.

The assets of EuroServizi per i Notai S.r.l. versus Centro Istruttorie S.p.A. are related to compensation for outsourcing services during the financial year ended December 31, 2011 e not yet paid.

It is also worth pointing out that subsidiary Quinservizi S.p.A., as described in paragraph **Error! Reference source not found.**, is indirectly participated by the company Eurholding S.p.A., part of the Finanziaria Internazionale Holding Group, and directly participated by Volta S.r.l., and maintains different relations with the companies of the Finanziaria Internazionale Holding Group and the companies owned by Volta S.r.l.. These relations are regulated at arm's length. As of December 31, 2011 there are current liabilities with these companies for an amount equal to Euro 30 thousand.

We did not identify other relations with related parties

2.12.3. **Risk management**

Risk management of the Group is based on the principle that operating risk or financial risk is managed by the person in charge of the business process involved.

The main risks are reported and discussed at Group top management level in order to create the conditions for their coverage, assurance and assessment of residual risk.

Exchange and interest rate risk

Currently the financial risk management policies of the companies of the Group do not provide for use of derivative instruments against the interest rate risk since the Group has a variable interest rate borrowing (based on Euribor) of a lower amount than bank deposits (all of which are based on Euribor). The overall economic and financial effect is considered negligible.

The interest rate on the bank loan with Intesa Sanpaolo S.p.A., obtained in 2006, is equal to 6-month Euribor +0.85%; the interest rate on the bank loan with Cariparma S.p.A., obtained in 2011, is equal to 6-month Euribor +3.00%; and the interest rate on the bank loan with Banca di Romagna S.p.A., acquired after the inclusion of Quinservizi S.p.A. in the consolidation area, is equal to 6-month Euribor +1.50%. A possible unfavorable variation of the interest rate, equal to 1%, should produce an additional expense equal to Euro 54 thousand in 2012. It is worth pointing out that such variation of the interest rate would be more than compensated by the favorable impact on available liquidity.

It is also worth pointing out that the Group pursues a policy for the management of available liquidity by investing it in low-risk financial assets with a maturity date within twelve months. As of December, 31 2011 the investment portfolio is represented by Italian Treasury Bills with fixed rate. The investment strategy is to hold these bonds to maturity.

Referring to the coverage of the exchange rate risk, it is worth pointing out that the companies of the Group do not have payables or receivables in foreign currency so significant to justify the use of coverage instruments.

Credit risk

The current assets of the Group, with the exception of cash and cash equivalents, are constituted mainly by trade receivables for an amount of Euro 24,198 thousand, of which the overdue portion as of December 31, 2011 is equal to Euro 10,741 thousand, of which Euro 1,377 thousand is overdue for over 90 days.

Most of the gross overdue receivables were paid by the clients during the first months of 2012. As of the date of approval of this report, receivables not yet collected, overdue as of December 31, 2011, amount to Euro 637 thousand.

It is worth pointing out that as a result of the growth of the client portfolio in the BPO Division the credit concentration with the main client has decreased, and as of December 31, 2011, it represents 25.0% of the total amount of trade receivables of the Division.

However, it is worth mentioning that the concentration of revenues from the main client of the Group has increased, representing 24.2% of total revenues, compared to 17.7% of the previous financial year, and leading to a slight increase of the risk of dependency of the Group from this client.

<u>*Liquidity risk*</u>

Liquidity risk is evident when a company is not able to procure financial resources to support short-term operations.

The total amount of liquidity as of December 31, 2011 is Euro 24,871 thousand, higher than current liabilities; therefore the management believes that there is no liquidity risk for the Group.

Moreover, the risk arising from the potential default of our bank counterparties is mitigated by the policy of diversifying the available deposits with different banking institutions.

We point out that as of December 31, 2011, current liabilities excluding tax liabilities are Euro 12,710 thousand, including trade payables with expiration dates less than 90 days for Euro 4,944 thousand.

<u>*Operating risk*</u>

The technological component is an essential element for the operating activities of the Group; therefore, there is the risk that the possible malfunctioning of the technological infrastructure may cause an interruption of the client service or loss of data. However, the companies of the Group have developed a series of plans, procedures and tools to guarantee business continuity and data security.

2.12.4. DPS –Security Policy Document ("Documento Programmatico sulla Sicurezza")

As required by the Consolidated Law on the Protection of Personal Information (D.Lgs. 196/2003 and subsequent amendments and additions) we have prepared the related Security Policy Document and we annually updated such document.

2.12.5. Information concerning environment and human resources

With regards to the management of human resources and of environmental matters for the financial year ended December 31, 2011, we are not aware of any events for which it is possible to point out any responsibility of the Group.

2.13. Net income allocation and dividend distribution proposal

The net income of the Company for the financial year ended on December 31, 2011 was Euro 11,118,319. This income is influenced by the distribution of only part of the distributable reserves of the subsidiaries.

We shall propose to the shareholders' meeting the allocation of the net income of the year of Euro 11,118,319 as follows:

- Euro 4,475,862 for distribution of dividends to shareholders in the amount of Euro 0.12 per outstanding share, with ex-dividend date May 7, 2012 and payable date May 10, 2012;

- Euro 6.642.457 to retained earnings.

The proposed dividend is significantly lower than the total dividend of Euro 0.37 per share distributed in 2011, despite growing consolidated results. Moreover such dividend represents a limited fraction of the consolidated earnings per share of the past two financial years, equal to Euro 0.41 in 2010 and Euro 0.56 in 2011.

In fact, we deem it appropriate to suspend, at least temporarily, the previous dividend policy, which provided for a payout next to 100%. The main reasons for this higher caution in dividend distribution are the following:

- we consider it important to keep sufficient financial resources available to diversify the development and re-ignite the growth of the two Divisions, should the reference market not show signals of recovery during the year, with the understanding that the possible deployment of these resources will take place with our usual careful and prudent approach;

- in the present difficult market situation we could identify opportunities for the acquisition at reasonable terms of complementary companies, with dimensions and characteristics similar to the transaction done in December 2011;

- a strong cyclical downturn of the reference market is foreseen for 2012, which could lead to an important reduction of the short term earning capacity of the Group.

We also remind that during the year ended December 31, 2011, the Group distributed Euro 2,321,040 to shareholders by means of purchases of shares of the Issuer by the Issuer itself and by subsidiary MutuiOnline S.p.A..

Milan, March 14, 2012

For the Board of Directors
The Chairman
(Ing. Marco Pescarmona)

CONSOLIDATED ANNUAL REPORT

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011

Prepared according to IAS/IFRS

3. CONSOLIDATED ANNUAL REPORT AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011

3.1. Financial statements

3.1.1. Consolidated statement of financial position

(euro thousand)	Note	As of December 31, 2011	December 31, 2010
ASSETS			
Intangible assets	7	5,122	1,011
Property, plant and equipment	8	4,439	3,420
Associates measured with equity method	9	400	355
Deferred tax assets	11	3	-
Other non-current assets		25	24
Total non-current assets		**9,989**	**4,810**
Cash and cash equivalents	12	24,871	10,620
Financial assets held to maturity	13	1,980	10,879
Trade receivables	14	24,198	17,077
(of which) with related parties		*163*	*244*
Contract work in progress	15	326	689
Tax receivables		-	202
Other current assets	16	773	493
Total current assets		**52,148**	**39,960**
TOTAL ASSETS		**62,137**	**44,770**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	25	944	955
Other reserves	25	11,377	14,651
Net income	25	21,016	15,510
Total group shareholders' equity	**25**	**33,337**	**31,116**
Minority interests		567	318
Total shareholders' equity		**33,904**	**31,434**
Long-term borrowings	17	5,795	1,712
Provisions for risks and charges	18	259	276
Defined benefit program liabilities	19	2,916	1,783
Deferred tax liabilities		-	125
Other non current liabilities	20	3,520	196
Total non-current liabilities		**12,490**	**4,092**
Short-term borrowings	21	2,944	930
Trade and other payables	22	4,944	5,453
(of which) with related parties		*101*	*114*
Tax payables	23	3,033	-
Other current liabilities	24	4,822	2,861
Total current liabilities		**15,743**	**9,244**
TOTAL LIABILITIES		**28,233**	**13,336**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**62,137**	**44,770**

3.1.2. Consolidated income statement

(euro thousand)	Note	Years ended December 31, 2011	December 31, 2010
Revenues	27	71,835	53,430
(of which) with related parties		*368*	*349*
Other income	28	623	588
Capitalization of internal costs		458	349
Services costs	29	(19,130)	(15,118)
(of which) with related parties		*(373)*	*(466)*
Personnel costs	30	(19,134)	(13,352)
Other operating costs	31	(2,150)	(2,568)
Depreciation and amortization	31	(1,595)	(1,289)
Operating income		**30,907**	**22,040**
Financial income	33	428	443
Financial expenses	33	(302)	(265)
Income/(losses) from participations	9	45	55
Net income before income tax expense		**31,078**	**22,273**
Income tax expense	34	(10,218)	(6,953)
Net income		**20,860**	**15,320**
Attributable to:			
Shareholders of the Issuer		**21,016**	**15,510**
Minority interest		**(156)**	**(190)**
Earnings per share basic *(Euro)*	39	0.56	0.41
Earnings per share diluted *(Euro)*	39	0.56	0.39

During the financial year ended December 31, 2011 we did not record profit and loss items deriving from events or operations whose occurrence is not recurring or from operations or facts that are not common during the course of activities.

3.1.3. Consolidated comprehensive income statement

(euro thousand)	Note	Years ended December 31, 2011	December 31, 2010
Net income		**20,860**	**15,320**
Currency translation differences		(3)	74
Total other comprehensive income		**(3)**	**74**
Total comprehensive income for the period		**20,857**	**15,394**
Attributable to:			
Shareholders of the Issuer		21,013	15,584
Minority interest		(156)	(190)

3.1.4. Consolidated statement of cash flows

(euro thousand)	Years ended December 31, 2011	December 31, 2010
Net income	**20,860**	**15,320**
Amortization and depreciation	1,595	1,289
Stock option expenses	642	447
Capitalization of internal costs	(458)	(349)
Interest cashed	428	421
Changes of the value of the participation evaluated with the equity method	(45)	(55)
Income tax paid	(4,738)	(4,994)
Changes in contract work in progress	363	(573)
Changes in trade receivables/payables	(6,317)	(2,837)
Changes in other assets/liabilities	8,480	5,053
Payments on defined benefit program	596	492
Payments on provisions for risks and charges	(29)	(1,180)
Net cash provided by operating activities	**21,377**	**13,034**
Investments:		
- Increase of intangible assets	(32)	(84)
- Increase of property, plant and equipment	(1,565)	(302)
- Increase of participation	(4,453)	(613)
- Increase of financial assets held to maturity	-	(10,879)
Disposals:		
- Decrease of property, plant and equipment	8	33
- Decrease of financial assets held to maturity	8,899	-
Net cash used in investing activities	**2,857**	**(11,845)**
Increase of financial liabilities	5,000	-
Interest paid	(192)	(225)
Decrease of financial liabilities	(1,212)	(3,096)
Purchase/sale of own shares	(2,175)	(1,331)
Other changes of reserves	46	74
Capital contributions of minorities	175	174
Dividends paid	(13,885)	(13,665)
Net cash used in financing activities	**(12,243)**	**(18,069)**
Net increase in cash and cash equivalents	**11,991**	**(16,880)**
Cash and cash equivalents at the beginning of the year	10,620	27,026
Current account overdraft at the beginning of the year	(67)	-
Net cash and cash equivalents at the beginning of the year	**10,553**	**27,026**
Cash and cash equivalent of Quinservizi S.p.A. (purchased)	**122**	**-**
Cash and cash equivalent of Effelle Ricerche S.r.l. (purchased)	**-**	**407**
Cash and cash equivalents at the end of the year	24,871	10,620
Current account overdraft at the end of the year	(2,205)	(67)
Net cash and cash equivalents at the end of the year	**22,666**	**10,553**

3.1.5. Consolidated statement of changes in shareholders' equity

(euro thousand)	Share capital	Legal reserve	Other reserves	Retained earnings inluding net income of the year	Total
Equity attributable to the shareholders of the Issuer as of December 31, 2009	**962**	**200**	**2,693**	**26,649**	**30,504**
Allocation of previous year net income	-	-	-	(12,906)	**(12,906)**
Distribution of an extraordinary dividend	-	-	-	(759)	**(759)**
Purchase of own shares	(7)	-	-	(1,324)	**(1,331)**
Stock option plan	-	-	447	-	**447**
Other movements	-	-	(423)	-	**(423)**
Net income of the year	-	-	74	15,510	**15,584**
Equity attributable to the shareholders of the Issuer as of December 31, 2010	**955**	**200**	**2,791**	**27,170**	**31,116**
Allocation of previous year net income	-	-	-	(13,508)	**(13,508)**
Distribution of an extraordinary dividend	-	-	-	(377)	**(377)**
Purchase of own shares	(12)	-	-	(2,309)	**(2,321)**
Exercise of stock options	1	-	-	145	**146**
Stock option plan	-	-	642	-	**642**
Other movements	-	-	(3,423)	-	**(3,423)**
Net income of the year	-	-	46	21,016	**21,062**
Equity attributable to the shareholders of the Issuer as of December 31, 2011	**944**	**200**	**56**	**32,137**	**33,337**
Minority interest as of December 31, 2009	**-**	**-**	**399**	**(65)**	**334**
Other movements	-	-	174	-	**174**
Minority interest for the period	-	-	-	(190)	**(190)**
Minority interest as of December 31, 2010	**-**	**-**	**573**	**(255)**	**318**
Other movements	-	-	405	-	**405**
Minority interest for the period	-	-	-	(156)	**(156)**
Minority interest as of December 31, 2011	**-**	**-**	**978**	**(411)**	**567**
Note	25	25	20, 25, 26		

3.2. Explanatory notes to the consolidated financial statements

1. General information

Gruppo MutuiOnline S.p.A. is the holding company of a group of financial services firms operating in the Italian market for the distribution of retail credit and insurance products and in the Italian market for the provision of credit-related business process outsourcing services for retail lenders.

This consolidated annual report, including the consolidated statement of financial position, consolidated comprehensive income statement, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity as of and for the year ended December 31, 2011 and the relevant notes, has been prepared in accordance with IFRS issued by the International Accounting Standard Board ("IASB") and the related interpretations SIC/IFRIC, adopted by the European Commission. Besides it has been prepared in accordance with CONSOB resolutions No. 15519 and No. 15520 dated July 27, 2006, with CONSOB communication No. DEM/6064293 dated July 28, 2006 and with art. 149-*duodecies* of the Issuer Regulations.

IFRS should be understood as the International Financial Reporting Standards, the International Accounting Standards ("IAS"), the interpretations of the International Financial Reporting Interpretation Committee ("IFRIC"), previously denominated Standing Interpretations Committee ("SIC"), as adopted by the European Commission as of December 31, 2011 and published in the EU regulations as of this date.

In particular the IFRS have been consistently applied to all the periods presented.

The Group has elected the "non-current/current" presentation for the statement of financial position, the presentation of costs by nature for the comprehensive income statements and the indirect method for the preparation of the statement of cash flows.

These consolidated financial statements have been prepared in Euro, the currency of the primary economic environment in which the Group operates.

All the amounts included in the tables of the following notes are in thousands of Euros, except where otherwise stated.

The Board of Directors approved the publication of the present document on March 14, 2012. This document will be presented to the general meeting on April 26, 2012.

2. Basis of preparation of the consolidated financial statements

The following consolidation procedures have been applied in the preparation of the consolidated financial statements as of and for the year ended December 31, 2011.

The consolidated financial statements of the Group include the financial statements of Gruppo MutuiOnline S.p.A. and of subsidiaries, over which the Company exercises direct or indirect control and the equity of associated companies. Subsidiaries are consolidated from the date when control is acquired until the date when it ceases. Control is presumed when the Company directly or indirectly holds the majority of the voting rights or exercises a dominant influence. A dominant influence is deemed to be the power to determine, also indirectly, by virtue of contractual or legal agreements, the financial and operating decisions of the entity, and to obtain the resulting benefits, regardless of shareholding. When assessing whether the Group controls another entity, the existence of potential exercisable voting rights at the balance sheet date is considered. Furthermore, it is worth pointing out that according to the amendments of IAS 27, applicable from the financial year ended December 31, 2010, once control of an entity is obtained, transactions, in which further minority interests are acquired or ceased, without modifying the control exercised on the subsidiary, are considered transactions with the shareholders and therefore should be recorded as equity transactions, without recording any effect in the comprehensive income statement. Subsidiaries are consolidated on a line-by-line basis. The criteria adopted for consolidation on a line-by-line basis are:

- the assets and liabilities, income and expenses of the entirely consolidated entities are taken line by line, attributing to minority interest the portion of the shareholders' equity and net income for the year due to it; this portion is disclosed separately in the consolidated statement of financial position and consolidated comprehensive income statement;

- the purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Assets, liabilities and possible liabilities acquired are booked at the fair value at the date of the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recognized as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement, after an audit of the correct measurement of the fair value of the assets and the liabilities acquired and of the cost of acquisition. Business combinations between entities under "common control" are accounted for with the pooling of interest method, thus recognizing assets and liabilities of the acquired entity without fair value adjustments, but adjusted for eventual differences of accounting standards used and IFRS;

- inter-company transactions and balances, as well as the relevant tax effects, are eliminated. Significant unrealized inter-company gains and losses are eliminated; as an exception, unrealized losses are not eliminated when they provide evidence for impairment of the asset transferred;

- gains and losses from the disposal of investments in subsidiaries are recognized in the income statement for an amount equal to the difference between the sale price and the net assets of the investment.

Associated companies are companies, which are neither subsidiaries nor joint-ventures, on which the Issuer exercises a significant influence. The significant influence is presumed when the Issuer owns, directly or indirectly, more than 20% of the ordinary share capital of a company.

Associated companies are evaluated by the equity method.

3. Scope of consolidation

The consolidation area includes all the entities (subsidiaries) on which the Issuer exercises control, directly or indirectly, and the companies on which the Issuer exercises a significant influence. An entity is defined subsidiary when the Issuer owns, directly or indirectly, more than half of the voting power exercisable in the shareholders' meeting.

The controlled and associated entities as of December 31, 2011 are:

Name	Registered office	Share capital (Euro)	Consolidation method	% of ownership
MutuiOnline S.p.A.	Milan (Italy)	1,000,000	Line-by-line	100%
CreditOnline Mediazione Creditizia S.p.A.	Milan (Italy)	200,000	Line-by-line	100%
Centro Finanziamenti S.p.A.	Milan (Italy)	600,000	Line-by-line	100%
Centro Istruttorie S.p.A.	Milan (Italy)	500,000	Line-by-line	100%
PP&E S.r.l.	Milan (Italy)	100,000	Line-by-line	100%
Centro Perizie S.r.l.	Milan (Italy)	10,000	Line-by-line	100%
Effelle Ricerche S.r.l.	Milan (Italy)	10,000	Line-by-line	100%
cercassicuazioni.it S.r.l.	Milan (Italy)	100,000	Line-by-line	80%
Quinservizi S.p.A.	Faenza (Italy)	150,000	Line-by-line	75%
Key Service S.r.l.	Faenza (Italy)	30,000	Line-by-line	100%
Finprom S.r.l.	Arad (Romania)	9,618	Line-by-line	100%
EuroServizi per i Notai S.r.l.	Milan (Italy)	10,000	Equity method	40%

The consolidation area as of December 31, 2011 has changed compared with December 31, 2010 with the inclusion of subsidiaries Quinservizi S.p.A. and Key Service S.r.l., both purchased on December 16, 2011. All the entities controlled by Gruppo MutuiOnline S.p.A. are consolidated on a line-by-line basis, while the associated company is consolidated with the equity method.

4. Accounting policies

The financial statements are prepared at cost, with the exception of items specifically described in the following notes, for which the measurement at fair value is adopted. The fair value is the price at which an asset could be exchanged, or a liability discharged, between knowledgeable, willing parties in an arm's length transaction.

Receivables are derecognized if the right to receive the cash flows has been transferred or when the entity no longer controls such financial assets.

Payables are derecognized only when they are settled or the specific obligation is met or canceled or expired.

The principal accounting policies are set out below.

A) Intangible assets

Intangible assets are non-monetary assets which are distinctly identifiable and able to generate future economic benefits. These items are recognized at purchase cost and/or internal production cost, including all costs to bring the assets available for use, net of accumulated amortization and impairment, if any.

Amortization commences when the asset is available for use and is calculated on a straight-line basis over the estimated useful life of the asset.

(a) Research and development costs

Research and development costs are recognized as an expense as incurred. Costs incurred on development projects are recognized as intangible assets when:

- development activity is clearly identified and its costs can be measured reliably;
- technological feasibility is demonstrated;
- the intention of completing the project and selling the intangible goods generated are demonstrated;
- a prospective market exists or, in case of internal use, the benefits of the intangible asset for the production of intangible goods generated by the project is demonstrated;
- the necessary technological and financial resources for the completion of the project are available.

Amortization is calculated on a straight line basis over three years, which represents the estimated useful life of the asset.

(b) Licenses and other rights

Licenses and other rights are amortized on a straight line basis in order to allocate their acquisition cost over the shorter of useful life and duration of the relevant contracts, starting from the moment of acquisition of the rights and usually lasting for a period of 3 to 5 years.

B) Property, plant and equipment

Property, plant and equipment are stated at historical cost of acquisition or production less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When assets are composed of different identifiable components whose useful life is significantly different, each component is depreciated separately applying the "component approach".

Depreciation is charged to each component on a systematic basis over the estimated useful life from the date of initial recognition.

Property, plant and equipment are depreciated with useful lives as follows:

Description of the main categories of the item "Property, plant and equipment"	Period
Land	not depreciated
Buildings	30 years
Generic equipment	5 years
Specific equipment	2.5-7 years
Leasehold improvements	shorter of contract duration and useful life
Hardware	2.5 years
Office equipment	2.5-5 years
Furniture and fittings	8 years
Auto vehicles	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

C) Investments measured with the equity method

An associated entity is a company, which is neither a subsidiary nor a joint-venture, on which the Issuer exercises a significant influence. The significant influence is presumed when the Issuer owns, directly or indirectly, more than 20% of the ordinary share capital of a company.

Investments in associated entities are measured for an amount equal to the corresponding fraction of equity in the last financial statements of the same entities, after the transfer of dividends and the application of adjustments in accordance with the disclosures for the preparation of the financial statements.

Gains and losses arising from changes of the adjusted equity of associated companies are recorded in the income statement for the period in which they arise.

D) Assets held under finance lease

Property, plant and equipment acquired through finance lease contracts where the benefits and risks of the assets are substantially transferred to the Group are accounted for at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding lease liability is included in financial liabilities. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life, in accordance with the periods of depreciation previously described, and the lease term. If the transfer of the property of the asset leased at the end of the contract is not certain, the depreciation period is represented by the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership are recognized as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

E) Impairment of assets

At each balance sheet date, property, plant and equipment and intangible assets with finite useful life are reviewed in order to identify indicators of impairment. If such indicators are identified, an estimate of the recoverable value is made and any impairment is charged to the income statement. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is the present value of the future cash flows that the asset is expected to generate together with the disposal proceeds at the end of the useful life of the asset. In calculating an asset's value in use, the expected cash flows are discounted using a discount rate reflecting the current market value of the investments and the specific risks associated with the asset.

The value in use of an asset which does not generate independent cash flows is determined in relation to the cash generating unit to which this asset belongs. An impairment loss is recognized in the income statement whenever the carrying amount of the asset and the related cash generating unit exceeds its recoverable value. An impairment loss is recognized in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. When circumstances causing impairment cease to exist, the Group reverses, in full or in part, the previously recognized impairment charges net of amortization, except goodwill.

Goodwill is not amortized, but is subject annually, or more frequently if specific events or changes in circumstances indicate that the asset might be impaired, to verifications in order to identify possible impairments. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The impairment of goodwill recorded as of the date of the financial report is shown in the income statement under depreciation of intangible assets.

F) Business Combinations

Business combinations are valued with the acquisition method.

The cost of the acquisition is determined by the sum of the considerations transferred in a business combination, measured at the fair value at the acquisition date, the acquired liabilities and the equity instruments issued. The assets, the liabilities acquired and the potential liabilities in a business combination are initially measured at their fair value.

The minority interests in the acquired entity are measured at their fair value and at the *pro-quota* value of the net assets recognized for the acquired company.

The surplus between the considerations transferred, the amount of the minority interests and the fair value of the non-controlling participations held before the acquisition date, compared to the fair value of the controlling stake of the net assets acquired, is recorded as goodwill.

If the value of the net assets acquired at the acquisition date exceeds the sum of the considerations transferred, of the minority interests and of the fair value of any previously held participation in the acquired company, this surplus is recorded as income of the closed transaction in the income statement.

According to provisions of IFRS 3, in step acquisitions (acquisitions achieved in stages) a business combination is achieved only after control has been obtained, and at this moment all the acquired entity's identifiable net assets should be measured at the fair value; minority interests should be measured based on their fair value or based on the proportionate share of the fair value of identifiable net assets of the acquired entity (a method already permitted under the previous version of IFRS 3).

In a step acquisition of an associate, the investment previously held, until then accounted according to IAS 39 ("Financial instruments: recognition and measurement"), or according to IAS 28 ("Investments in Associates") or according to IAS 31 ("Interests in Joint Ventures), shall be treated as if it had been sold and repurchased as of the date on which control is acquired. This participation should be measured at its "sale" date fair value and the resulting profit or loss of this measurement should be recorded in the income statement. In addition, any value previously recorded in the shareholder's equity, which should be charged in the income statement after the sale of the relevant assets, should be reclassified in the income statement. The goodwill or income (in case of badwill) deriving from the deal concluded with the subsequent acquisition should be determined as the sum of the compensation paid to acquire the control, the value of minority interests (measured according to one of the methods permitted by the standard), and the fair value of the previously held minority shareholdings, net of the fair value of the identifiable net assets of the acquired entity.

In addition, according to IFRS 3 the costs related to the acquisition of business combinations are recognized as expenses in the period in which these costs are incurred. Finally, under IFRS 3 contingent consideration is recognized as a part of the transfer price of the acquired net assets and is measured at the acquisition date fair value. Similarly, if the combination agreement includes the right to return some consideration components if specified conditions are met, that right is classified as an asset by the acquirer. Any subsequent changes in the fair value of the net assets acquired should be recognized as adjustments to the original accounting treatment only if they are determined by additional or better information about the fair value and occur within 12 months from the acquisition date; all other changes must be recorded in profit or loss.

G) Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and highly liquid short-term investments (readily convertible to cash within three months). Overdrafts are included in short-term borrowings and are measured at fair value.

H) Financial assets held to maturity

These financial assets are low-risk bonds purchased by the Group not available for trading, valued initially at fair value and subsequently at amortized cost using the effective interest rate basis.

I) Trade receivables

Trade receivables are valued initially at fair value and subsequently at amortized cost using the effective interest rate basis.

Any losses arising as a result of impairment reviews are recognized in the income statement. In the presence of impairment indicators, the values of the assets are reduced to the present value of expected future cash flows and the differences are recognized in the income statement, with a provision for bad debts as counterbalance, offsetting trade receivables. If in subsequent periods the reasons for such impairments are no longer valid, the value of the assets are reinstated up to the amortized cost as if the impairment had never occurred.

J) Own shares

Own shares are booked as a reduction of shareholders' equity. Being the shares without nominal value, the purchase cost is deducted from the share capital for an amount implicitly corresponding to the nominal value and from the distributable reserves for an amount equal to the remaining part of the purchase cost.

K) Contract work in progress

Contract work in progress refers to loan case processing services which are not completed as of the balance sheet date, only with reference to cases for which the revenues are not accrued

The provision of processing services comprises several separate stages.

Contract work in progress is measured according to the direct production cost method which prescribes that individual loan cases are valued according to the costs incurred for achieving the current stage of work in progress. A devaluation, which represents an estimate of the potential decay based on historical experience of unsuccessful cases, is applied for the recognition of work in progress at the balance sheet date.

As these costs consist almost exclusively in personnel costs, the positive and negative changes of contract work in progress will appear in the consolidated income statement under "Personnel Costs".

L) Trade payables and financial liabilities

Financial liabilities, trade payables and other debts are initially recognized at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Whenever expected future cash flows change, and these could be reliably estimated, the value of the liability is recalculated on the basis of the new cash flows and the initial effective interest rate.

M) Provisions for risks and charges

Provisions are recognized for losses and liabilities whose existence is certain or probable but the timing or amount of the obligation is uncertain as of the relevant date. A provision is recognized only upon the existence of a present legal or constructive obligation as a result of past events that is expected to result in a future outflow of resources. Provisions are recognized based on the best estimate of the expenditure required to settle the present obligation or to transfer it to a third party at the balance sheet date. When the financial effect of the timing of the obligation is significant and the dates of the payments are reliably estimable, the provision is discounted back. Provisions are measured at the present value of the payments expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

N) Defined benefit program liability

The termination employee benefit ("*Trattamento Fine Rapporto*", or "TFR"), that is compulsory for Italian companies in accordance with civil code, is considered by IFRS a defined benefit program, based, among other things, on the period of employment and the remuneration of the employee during a predefined period.

The liability recognized on the statement of financial position is the probable cash outflow at the end of the employment, discounted using the Projected Unit Credit Method to account for the time value of money. The Group adopted the corridor method provided by IAS 19 for the recognition of actuarial gains and losses. This method allows only the recognition of the adjustments arising from changes in actuarial assumptions that are greater of 10% of the defined benefit obligation. The portion that exceeds the 10% is recognized in the income statements of subsequent years over the expected average working life of the employees.

The implicit interest cost for the adjustment of the present value of the defined benefit program liability over time is recognized in the financial expenses in the income statement.

The legislative changes becoming effective in 2007 had no material impact on the evaluation method adopted by the Group because the percentage of employees adhering to the funds at the relevant date is low and besides none of the companies of the Group exceeds the limits, provided by the new law and calculated on the average number of employees in 2006, over which a company is obliged to contribute the accrued fund to the National Institute for Social Security ("INPS") when employees choose to keep their TFR in the company.

O) Share based payments

The Group has a stock option plan for the benefit of directors, employees and other personnel. As per IFRS 2, stock option plans are valued at the fair value of the option at grant date, using methods that take into account the exercise price and vesting period of the option, the current stock price, the expected volatility and dividend payout of the shares, and the risk-free interest rate.

As of the grant date, the expense related to the stock option plan is recognized on a straight-line basis in personnel costs in the income statement over the vesting period of the option, and in a reserve in shareholders' equity.

P) Revenue recognition

Revenues and the other income are recognized net of discounts, allowances and bonuses and the provision for possible repayments of commissions upon early repayment or insolvency of brokered loans.

Revenues are recognized in the income statement when it is probable that future economic benefits will flow to the Group.

The methods of revenue recognition for the main activities of the Group are as follows:

(a) Credit intermediation services

Revenues from credit intermediation services are recognized upon the actual disbursement of loans by lenders to retail clients, that being the moment when the Group earns its commission on broking services.

(b) Processing services

Revenues from business process outsourcing are recognized over the loan processing cycle.

Q) Government grants

Grants are recognized when it is reasonably certain that the Group will respect the related conditions and are released in the income statement over the period necessary to match them with the costs they are intended to compensate.

R) Cost recognition

Costs are recognized as the assets and services are consumed during the relevant period, or when it is not possible to determine future economic benefits.

S) Financial income and expenses

Interest income and expenses are recognized in the accrual period on the net value of the relevant financial assets and liabilities using the effective interest rate method.

Financial expenses are recognized on an accrual basis and recorded in the income statement in the accrual period.

T) Taxation

Current income taxes are accounted on the basis of estimated taxable income and the relevant applicable tax rates.

Deferred income taxes are determined based on temporary differences arising between the tax bases of assets and liabilities (excluding goodwill) and their carrying amounts, and differences arising from undistributed reserves registered in the shareholders' equity of the subsidiaries when the timing of reversal of these differences is under the Group's control and they will probably reverse within a reliably foreseeable period. Deferred income tax assets, including those on tax loss carry forwards, and not offset by deferred tax liabilities, are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income taxes are calculated using tax rates (and laws) that are expected to apply when the related deferred income tax assets are realized or the deferred income tax liabilities are settled.

Current and deferred income taxes are recognized in the income statement with the exception of the items which are recognized directly in shareholders' equity in which case the tax effect is accounted for in the relevant equity reserve. Current and deferred tax assets and liabilities are netted only when the entity has a legally enforceable right to offset the recognized amounts.

Substitute tax relates to the revaluation of assets according to Italian tax legislation and is recognized in income tax expense in the income statement. Other taxes, not related to income, are recognized in other operating costs in the income statement.

U) Earnings per share

(a) Basic

Basic earnings per share are calculated by dividing the net income attributable to the Group by the weighted average number of ordinary shares outstanding during the year, excluding own shares.

(b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding, excluding own shares, to assume conversion of all potentially dilutive ordinary shares, whilst the Group's net income is adjusted to account for the effect of the conversion, net of taxes. The diluted earnings per share are not calculated in the event of losses, given that any such calculation would result in an improvement in the Group's results.

V) Critical accounting estimates and judgments

The preparation of the financial statements requires the application by the directors of principles and accounting methodologies that sometimes require the use of estimates and judgements based on historical experience and other assumptions that are believed to be reasonable under the circumstances. The application of these estimates and assumptions impacts on the amounts included in the statement of financial position, income statement, statement of cash flows and the notes to the financial statements. The resulting accounting estimates could differ from the related actual results because of the uncertainty influencing the assumptions.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

(a) Deferred taxes

Deferred tax assets/liabilities are recognized on the basis of expectations of future earnings. The estimate of future earnings for purposes of the recognition of deferred taxes depends on factors which could vary over time and significantly affect the amount of deferred tax assets/liabilities.

(b) Stock options

The valuation of stock option plans is based on valuation techniques which take into consideration the expected volatility of share prices and the dividend yield. Should different assumptions be applied, the valuation of the stock option plans and the related expenses could be different.

W) New principles effective starting from the financial year ended December 31, 2011, that did not generated any effect on the Group

It is also worth mentioning that the following accounting principles, amendments and interpretations effective from January 1, 2011 are not relevant to or have not generated any effect on the Group:

- amendments to IAS 32 "Financial Instruments: presentation – Classification of rights issues", effective from the financial years starting after February 1, 2010;
- IAS 24 " Related party disclosure", effective from January 1, 2011;
- IFRIC 14 "Pre-payments of a minimum funding requirement", effective from January 1, 2011;
- IFRIC 19 "Extinguishing financial liabilities with equity instruments", effective from January 1, 2011;
- "Annual improvements - 2010", effective from January 1, 2011.

X) Accounting principles recently approved by European Commission and not yet effective

Finally, it is worth mentioning that for the following accounting principles, amendments and interpretations, not yet effective or not early adopted by the Group, we are evaluating the impact on the consolidated financial statements of the Issuer:

- IFRS 1 "First-time adoption of the International Financial Reporting Standards (IFRS)" effective from the financial years starting after July 1, 2011;
- amendments to IFRS 7 "Presentation of Financial Instruments" effective from July 1, 2011;
- amendments to IAS 12 "Income taxes" regarding deferred tax, effective from January 1, 2012;
- amendments to IAS 1 "Presentation of financial statements" effective from July 1, 2012;
- IFRS 9 " Financial instruments" effective from January 1, 2013;

- IFRS 10 "Consolidated financial statements" effective from January 1, 2013;
- IFRS 11 "Joint arrangements" effective from January 1, 2013;
- IFRS 12 "Disclosure of interests in other entities" effective from January 1, 2013;
- IFRS 13 "Fair value measurement" effective from January 1, 2013;
- IAS 19 (revised 2011) "Employee benefits" effective from January 1, 2013;
- IAS 27 (revised 2011) "Separate financial statements" effective from January 1, 2013;
- IAS 28 (revised 2011) "Investments in associates and joint ventures" effective from January 1, 2013;
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" effective from January 1, 2013

Presently, no significant impacts are expected from the adoption of these principles.

5. Financial risk analysis

Risk management of the Group is based on the principle that operating risk or financial risk is managed by the person in charge of the business process involved.

The main risks are reported and discussed at Group top management level in order to create the conditions for their coverage, assurance and assessment of residual risk.

Exchange and interest rate risk

Currently the financial risk management policies of the companies of the Group do not provide for use of derivative instruments against the interest rate risk since the Group has a variable interest rate borrowing (based on Euribor) of a lower amount than bank deposits (all of which are based on Euribor). The overall economic and financial effect is considered negligible.

The interest rate on the bank loan with Intesa Sanpaolo S.p.A., obtained in 2006, is equal to 6-month Euribor +0.85%; the interest rate on the bank loan with Cariparma S.p.A., obtained in 2011, is equal to 6-month Euribor +3.00%; and the interest rate on the bank loan with Banca di Romagna S.p.A., acquired after the inclusion of Quinservizi S.p.A. in the consolidation area, is equal to 6-month Euribor +1.50%. A possible unfavorable variation of the interest rate, equal to 1%, should produce an additional expense equal to Euro 54 thousand in 2012. It is worth pointing out that such variation of the interest rate would be more than compensated by the favorable impact on available liquidity.

It is also worth pointing out that the Group pursues a policy for the management of available liquidity by investing it in low-risk financial assets with a maturity date within twelve months. As of December, 31 2011 the investment portfolio is represented by Italian Treasury Bills with fixed rate. The investment strategy is to hold these bonds to maturity.

Referring to the coverage of the exchange rate risk, it is worth pointing out that the companies of the Group do not have payables or receivables in foreign currency so significant to justify the use of coverage instruments.

Credit risk

The current assets of the Group, with the exception of cash and cash equivalents, are constituted mainly by trade receivables for an amount of Euro 24,198 thousand, of which the overdue portion as of December 31, 2011 is equal to Euro 10,741 thousand, of which Euro 1,377 thousand is overdue for over 90 days.

Most of the gross overdue receivables were paid by the clients during the first months of 2012. As of the date of approval of this report, receivables not yet collected, overdue as of December 31, 2011, amount to Euro 637 thousand.

It is worth pointing out that as a result of the growth of the client portfolio in the BPO Division the credit concentration with the main client has decreased, and as of December 31, 2011, it represents 25.0% of the total amount of trade receivables of the Division.

However, it is worth mentioning that the concentration of revenues from the main client of the Group has increased, representing 24.2% of total revenues, compared to 17.7% of the previous financial year, and leading to a slight increase of the risk of dependency of the Group from this client.

Liquidity risk

Liquidity risk is evident when a company is not able to procure financial resources to support short-term operations.

The total amount of liquidity as of December 31, 2011 is Euro 24,871 thousand, higher than current liabilities; therefore the management believes that there is no liquidity risk for the Group.

Moreover, the risk arising from the potential default of our bank counterparties is mitigated by the policy of diversifying the available deposits with different banking institutions.

We point out that as of December 31, 2011, current liabilities excluding tax liabilities are Euro 12,710 thousand, including trade payables with expiration dates less than 90 days for Euro 4,944 thousand.

6. Segment reporting

The primary segment reporting is by business segments; the Executive Committee identifies the business segments of the Group in Broking and BPO Division:

- **Broking Division**: the division operates in the Italian market for credit and insurance distribution, and carries out activities of credit and insurance intermediation. The distributed credit products mainly include mortgages and personal loans, provided to retail clients mainly through remote channels and secondly through the territorial network. The financial institutions using the credit intermediation of the Broking Division are primary universal and specialized banks and include some of the main financial institutions operating on the Italian market for retail credit products. The brokered insurance products are mainly auto and motorcycle insurances policies, distributed through remote channels.

- **BPO Division (Business Process Outsourcing Division)**: operates in the Italian market for outsourcing services to financial institutions, which consist principally of performing complex commercial and processing activities related to mortgages and Employee Loans.

The financial institutions using the services of the BPO Division include primary national and international financial institutions.

The detailed information relative to each Division is provided below. For this purpose, it is worth highlighting that the allocation of the costs sustained by the Issuer and by PP&E S.r.l. for the benefit of each Division is based on the relevant headcount in Italy at the end of the period.

Revenues by Division

	Years ended	
(euro thousand)	**December 31, 2011**	**December 31, 2010**
Broking Division revenues	41,914	32,803
BPO Division revenues	29,921	20,627
Total revenues	**71,835**	**53,430**

There are no significant inter-segment revenues.

Operating income by Division

	Years ended	
(euro thousand)	**December 31, 2011**	**December 31, 2010**
Broking Division operating income	23,697	18,618
BPO Division operating income	7,210	3,422
Total operating income	**30,907**	**22,040**
Financial income	428	443
Financial expenses	(302)	(265)
Income/(losses) from participations	45	55
Net income before income tax expense	**31,078**	**22,273**

As follows we provide the breakdown of revenues per client by Division:

(euro thousand)	Years ended December 31, 2011	(a)	December 31, 2010	(a)
Client A	9,949	23.7%	5,469	16.7%
Client B	4,696	11.2%	3,305	10.1%
Client C	4,599	11.0%	5,374	16.4%
Client D	3,129	7.5%	2,546	7.8%
Other Clients	19,541	46.6%	16,109	49.1%
Total Broking Division revenues	**41,914**	**100.0%**	**32,803**	**100.0%**
Client A	7,438	24.9%	3,993	19.4%
Client E	7,206	24.1%	5,637	27.3%
Client F	3,513	11.7%	2,234	10.8%
Client G	3,372	11.3%	802	3.9%
Other Clients	8,392	28.0%	7,961	38.6%
Total BPO Division revenues	**29,921**	**100.0%**	**20,627**	**100.0%**

(a) Percentage of total Division revenues

NOTES TO THE MAIN ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

7. Intangible assets

The following table presents the situation and the variation of the item as of and for the year ended December 31, 2011 and 2010:

(euro thousand)	Development costs	Licenses and other rights	Goodwill	Intangible assets in progress	Total
Net value as of December 31, 2009	**651**	**28**	**-**	**170**	**849**
Increases	520	83	-	-	603
Decreases	-	-	-	(170)	(170)
Other movements	383	-	-	-	383
Amortization expense	(611)	(43)	-	-	(654)
Net value as of December 31, 2010	**943**	**68**	**-**	**-**	**1,011**
Increases	465	25	-	-	490
Decreases	-	-	-	-	-
Other movements	-	19	4,357	-	4,376
Amortization expense	(710)	(45)	-	-	(755)
Net value as of December 31, 2011	**698**	**67**	**4,357**	**-**	**5,122**

Development costs mainly refer to the personnel costs capitalized for the creation and development of the technological infrastructure relative to the web sites and to the creation of the software solutions, such as the software platforms used by Group companies to perform their activities.

There are no research and development costs directly recognized in the income statement.

The item "Other movements" consists almost exclusively of increases in intangible assets following the integral consolidation of Quinservizi S.p.A. and Key Service S.r.l. as described in note 10.

8. Property, plant and equipment

The following table presents the situation and the variation of the item as of and for the year ended December 31, 2011 and 2010:

(euro thousand)	Land and buildings	Plant and machinery	Other tangible assets	Tangible assets under construction and advances	Total
Cost as of January 1, 2010	**2,914**	**2,362**	**1,388**	**-**	**6,664**
Additions	18	231	53	-	302
Others	-	30	(22)	-	8
Cost as of December 31, 2010	**2,932**	**2,623**	**1,419**	**-**	**6,974**
Accumulated depreciation as of January 1, 2010	**320**	**1,613**	**986**	**-**	**2,919**
Depreciation expense	95	379	161	-	635
Accumulated depreciation as of December 31, 2010	**415**	**1,992**	**1,147**	**-**	**3,554**
Net book value as of December 31, 2010	**2,517**	**631**	**272**	**-**	**3,420**
Cost as of January 1, 2011	**2,932**	**2,623**	**1,419**	**-**	**6,974**
Additions	13	517	169	866	1,565
Others	-	12	282	-	294
Cost as of December 31, 2011	**2,640**	**3,400**	**1,927**	**866**	**8,833**
Accumulated depreciation as of January 1, 2011	**415**	**1,992**	**1,147**	**-**	**3,554**
Depreciation expense	81	600	159	-	840
Accumulated depreciation as of December 31, 2011	**496**	**2,592**	**1,306**	**-**	**4,394**
Net book value as of December 31, 2011	**2,144**	**808**	**621**	**866**	**4,439**

During 2005 the Group entered into a finance lease agreement for the purchase of a building located in Cagliari with a cost of Euro 1,650 thousand. During the following years up to 2010, the Group invested an additional amount of Euro 1,069 thousand in maintenance and modernization of this building in order to make it more functional to its own requirements. In 2011 the Group invested a further amount of Euro 981 thousand, of which Euro 866 thousand were devoted to the expansion of the building, pursuant to the "Housing Plan" of the Sardinia region, not yet concluded and classified as "Tangible assets under construction and advances".

As of December 31, 2011 the net book value of this building is Euro 1,969 thousand. The value of the land acquired amounts to Euro 213 thousand. Furthermore, the item "Land and buildings" includes investments to renovate and modernize the office space in Arad, Romania.

The item "Plant and machinery" includes investments in generic electronic office equipment, mainly in the buildings located in Cagliari and in Arad, and in hardware.

“Other tangible assets” include investments in furniture and fittings, specific equipment and vehicles.

9. Investments measured with the equity method

It is the investment in the associated company EuroServizi per i Notai S.r.l.: the Issuer holds a 40% stake of the share capital of the company EuroServizi per i Notai S.r.l., which has total share capital of Euro 10 thousand, purchased for an amount equal to Euro 300 thousand. The company is active in the provision of services to coordinate and facilitate relationships between notaries, lenders, other businesses and professionals, consumers, as well as in the provision of services to notaries and other professionals in general.

The excess of the cost of acquisition over the fair value, equal to Euro 296 thousand, is entirely attributable to goodwill as the company has a perspective of sustained growth, confirmed in 2010 and 2011, with sufficient cash flow generation to enable the recovery of the investment made.

During the year ended December 31, 2011, the income deriving from the valuation with the equity method of the participation in the associated EuroServizi per i Notai S.r.l. was equal to Euro 45 thousand; this value is recognized as “Income from participations” in the income statement”.

10. Purchase of Quinservizi S.p.A.

On December 16, 2011, the Group purchased 75% of the ordinary share capital of company Quinservizi S.p.A. at a total cost of Euro 4,453 thousand, through company Centro Perizie S.r.l., fully controlled by the Issuer.

It is worth pointing out that the Group has acquired a controlling stake in Key Service S.r.l., a company fully controlled by Quinservizi S.p.A., at the historical cost of Euro 600 thousand.

Quinservizi S.p.A. and Key Service S.r.l. are active in the provision of outsourcing services for employee loans.

The participation was purchased with the purpose of enhancing and extending the Group’s offering in the arena of outsourcing services for employee loans.

Net cash and cash equivalents of Quinservizi S.p.A. and Key Service S.r.l. at the moment of purchase were equal to Euro 122 thousand.

The initial allocation of the purchase cost relative to the business combination has not been completed as of the date of approval of the annual report, as we have decided to take advantage of the option provided by paragraph 45 of IFRS 3 which allows the provisional allocation of the purchase cost. The reasons for this decision are linked to the fact that we are still acquiring the required information to define the fair value of the assets, the liabilities and the potential liabilities of the acquired entity. Such allocation will be completed as soon as we have sufficient information to define the fair value of the assets, the liabilities and the potential liabilities of the acquired entity and in any case within one year of the acquisition date.

Therefore we have determined a provisional goodwill equal to Euro 4,343 thousand which has not yet been allocated to any cash generating unit. The recoverability of the goodwill has been subject to an in-depth assessment using both quantitative and qualitative elements for the analysis. These elements include a projection of the expected EBITDA for financial year 2012, the potential future cost reductions, the potential synergies that we expect to be able to create within the Group as well as the general economic conditions as of December 31, 2011 compared with those of the acquired entity. Based on this analysis, we have not identified any impairment of the allocated goodwill.

The following table presents the book value of the assets and the liabilities of the purchased business:

(euro thousand)	**Original book values**
Non-current assets	365
Current assets	2,060
Total assets	**2,425**
Shareholders' equity	340
Non-current liabilities	659
Current liabilities	1,426
Total liabilities and shareholders' equity	**2,425**

These values don't include the value of the participation in Key Service S.r.l..

The purchase of the participation generated the following cash flows for the Group:

Cash paid	(4,453)
Cash of the entity at the date of the acquisition	122
Net cash flow	**(4,331)**

It is worth highlighting that if the controlling stake had been purchased on January 1, 2011, revenues would have been higher by Euro 5,091 thousand and income would have been higher by Euro 681 thousand in the income statement of the financial year ended December 31, 2011.

11. Deferred tax assets

The following tables present the situation and the variation of the item as of and for the financial year ended December 31, 2011 and 2010:

Year ended December 31, 2010

(euro thousand)	As of January 1, 2010	Accrual	Utilization	As of December 31, 2010	Expiring within 1 year	Expiring after 1 year
Deferred tax assets						
Costs with different tax deductibility	584	274	(530)	325	288	37
Differences between the tax bases of assets and their carrying amounts	260	25	(209)	76	43	33
Finance lease	319	-	-	319	-	319
Tax loss carry forwards	135	2	-	137	-	137
Total deferred tax assets	**1,298**	**301**	**(739)**	**857**	**331**	**526**
Deferred tax liabilities						
Defined benefit program liability	(24)	-	-	(24)	-	(24)
Differences between the tax bases of assets and their carrying amounts	(182)	(144)	52	(274)	-	(274)
Finance lease	(456)	(33)	-	(489)	-	(489)
Dividends deliberated not yet paid	-	(195)	-	(195)	(195)	-
Total deferred tax liabilities	**(662)**	**(372)**	**52**	**(982)**	**(195)**	**(787)**
Total	**636**	**(71)**	**(687)**	**(125)**	**136**	**(261)**

Year ended December 31, 2011

(euro thousand)	As of January 1, 2011	Accrual	Other movements	Utilization	As of December 31, 2011	Expiring within 1 year	Expiring after 1 year
Deferred tax assets							
Costs with different tax deductibility	325	293	27	(228)	417	405	12
Differences between the tax bases of assets and their carrying amounts	76	20	-	(26)	70	17	53
Finance lease	319	-	-	(319)	-	-	-
Tax loss carry forwards	137	-	-	(2)	135	-	135
Total deferred tax assets	**857**	**313**	**27**	**(575)**	**622**	**422**	**200**
Deferred tax liabilities							
Defined benefit program liability	(24)	-	-	2	(22)	-	(22)
Differences between the tax bases of assets and their carrying amounts	(274)	(306)	-	148	(432)	(61)	(371)
Finance lease	(489)	-	-	489	-	-	-
Dividends deliberated not yet paid	(195)	(165)	-	195	(165)	(165)	-
Total deferred tax liabilities	**(982)**	**(471)**	**-**	**834**	**(619)**	**(226)**	**(393)**
Total	**(125)**	**(158)**	**27**	**259**	**3**	**196**	**(193)**

CURRENT ASSETS

12. Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank deposits.

The following table presents net financial position, as defined in the CONSOB communication N. DEM/6064293 dated July 28, 2006, as of December 31, 2011 and 2010:

(euro thousand)	As of December 31, 2011	As of December 31, 2010	Change	%
A. Cash and cash equivalents	24,871	10,620	14,251	134.2%
B. Other cash equivalents	-	-	-	N/A
C. Securities held for trading	1,980	10,879	(8,899)	-81.8%
D. Liquidity (A) + (B) + (C)	**26,851**	**21,499**	**5,352**	**24.9%**
E. Current financial receivables	**-**	**-**	**-**	**N/A**
F. Bank borrowings	(2,205)	(67)	(2,138)	3191.0%
G. Current portion of long-term borrowings	(739)	(666)	(73)	11.0%
H. Other short-term borrowings	-	(197)	197	-100.0%
I. Current indebtedness (F) + (G) + (H)	**(2,944)**	**(930)**	**(2,014)**	**216.6%**
J. Net current financial position (I) + (E) + (D)	**23,907**	**20,569**	**3,338**	**16.2%**
K. Non-current portion of long-term bank borrowings	(5,795)	(1,352)	(4,443)	328.6%
L. Bonds issued	-	-	-	N/A
M. Other non-current borrowings	-	(360)	360	-100.0%
N. Non-current indebtedness (K) + (L) + (M)	**(5,795)**	**(1,712)**	**(4,083)**	**238.5%**
O. Net financial position (J) + (N)	**18,112**	**18,857**	**(745)**	**-4.0%**

13. Financial assets held to maturity

These financial assets are low-risk bonds, with a maturity of less than one year, which the Issuer has purchased for the management of the liquidity of the Group exceeding short-term financial needs.

Specifically, the securities are one-year Treasury Bills of the Italian Republic.

As of December 31, 2011 the balance sheet value of this item is equal to Euro 1,980 thousand.

14. Trade receivables

The following table presents the situation of the item as of December 31, 2011 and 2010:

(euro thousand)	As of December 31, 2011	As of December 31, 2010
Trade receivables	24,513	17,676
(allowance for doubtful receivables)	(315)	(599)
Total trade receivables	**24,198**	**17,077**

Trade receivables refer to ordinary sales to client companies operating in the banking and financial sector.

The following table presents the variation of the allowance for doubtful receivables in the financial years ended December 31, 2011 and 2010:

Year ended December 31, 2010

(euro thousand)	As of December 31, 2009	Accrual	Utilization	Others	As of December 31, 2010
Allowance for doubtful receivables	177	506	(84)	-	599
Total	**177**	**506**	**(84)**	**-**	**599**

Year ended December 31, 2011

(euro thousand)	As of December 31, 2010	Accrual	Utilization	Others	As of December 31, 2011
Allowance for doubtful receivables	599	107	(419)	28	315
Total	**599**	**107**	**(419)**	**28**	**315**

The use of the allowance for doubtful receivables as of December 31, 2011 is linked to the full payment from one of the BPO Division clients of the receivables due as of December 31, 2010, against which we had previously set an allowance to cover the estimated credit loss. The use of the allowance is recognized as a decrease in other operating costs in the income statement. .

15. Contract work in progress

Contract work in progress is equal to Euro 326 thousand as of December 31, 2011 and Euro 689 thousand as of December 31, 2010. The decrease of this item is mainly due to the significant reduction of business volumes for the one of the main clients of the BPO Division, during the first months of 2012, due to which the management believes that most of contract work in progress will not generate any revenues as December 31, 2011.

The positive and negative variations of contract work in progress in the period is classified as a decrease or increase of "Personnel costs".

16. Other current assets

The following table presents the situation of the item as of December 31, 2011 and 2010:

(euro thousand)	As of December 31, 2011	As of December 31, 2010
Accruals and prepayments	158	127
Advances to suppliers	39	38
Others	43	14
VAT receivables	533	314
Total other current assets	**773**	**493**

NON-CURRENT LIABILITIES

17. Long-term borrowings

The following table presents the situation of the item as of December 31, 2011 and 2010:

(euro thousand)	As of December 31, 2011	As of December 31, 2010
Bank borrowings	5,795	1,352
1 - 5 years	3,655	1,352
More than 5 years	2,140	-
Finance lease obligations	-	360
1 - 5 years	-	360
Total long-term borrowings	**5,795**	**1,712**

Bank borrowings refer to the loan from Intesa Sanpaolo S.p.A. obtained in 2006, to the loan from Cariparma S.p.A. obtained in 2011 and to the loan from Banca di Romagna S.p.A. acquired with the purchase of Quinservizi S.p.A..

The repayment schedule is as follows:

(euro thousand)	As of December 31, 2011	As of December 31, 2010
- between one and two years	748	669
- between two and three years	958	683
- between three and four years	952	-
- between four and five years	997	-
- more than five	2,140	-
Total	**5,795**	**1,352**

The interest rate on the loan obtained from Intesa Sanpaolo S.p.A. is equal to 6-month Euribor increased by 0.85%, and interest is calculated from the date of utilization of the loan and approximates the effective interest rate paid.

The interest rate on the loan obtained from Cariparma S.p.A. is equal to 6-month Euribor increased by 3.00%, and interest is calculated from the date of utilization of the loan and approximates the effective interest rate paid.

The interest rate on the loan obtained from Banca di Romagna S.p.A. is equal to 6-month Euribor increased by 1.50%, and interest is calculated from the date of utilization of the loan and approximates the effective interest rate paid.

The book value of the financial liabilities represents their fair value as of the date of the financial statement.

With regards to the loan with Intesa Sanpaolo S.p.A., the Group is obliged to comply with the following financial covenants with reference to the consolidated financial statements: i) net financial position not higher than EBITDA multiplied by 2 for 2006 and 2007, and by 2.5 for the subsequent years; and ii) shareholders' equity not lower than Euro 4,000 thousand. It should be noted that the calculation method used for determining net financial position as per the agreement with Intesa Sanpaolo S.p.A. is different from that used for the net financial position as presented in note 12. The Group has complied with these covenants since the signing of the contract.

With regards to the loan with Cariparma S.p.A., the Group is obliged to comply with the following financial covenants, with reference to the consolidated financial statements for the financial years ended during the term of the contract: i) consolidated shareholders' equity greater than Euro 10,000 thousand; ii) consolidated net financial position less than the largest of: consolidated EBITDA multiplied by 3 and Euro 10,000 thousand. As defined in the table of Net financial Position in paragraph 12.

It is worth pointing out that the loan with Cariparma S.p.A. was aimed to providing liquidity to the Group for the purchase of the participation in Quinservizi S.p.A.

Finance lease obligations refer to the finance lease agreement with Sanpaolo Leasint S.p.A. for the building located in Cagliari, prepaid during the financial year ended December 31, 2011. For the years ended December 31, 2011 and 2010 the effective interest rate on the finance lease obligations was equal to 2.1% and 1.8% respectively.

18. Provisions for risks and charges

The following tables present the situation and the variation of the item as of and for the financial year ended December 31, 2011 and 2010:

Year ended December 31, 2010

(euro thousand)	As of December 31, 2009	Accrual	Utilization	Others	As of December 31, 2010
Provision for early repayment of mortgages	1,456	-	(1,313)	-	143
Provision for tax claims	-	133	-	-	133
Total	**1,456**	**133**	**(1,313)**	**-**	**276**

Year ended December 31, 2011

(euro thousand)	As of December 31, 2010	Accrual	Utilization	Others	As of December 31, 2011
Provision for early repayment of mortgages	143	-	(17)	-	126
Provision for tax claims	133	-	-	-	133
Total	**276**	**-**	**(17)**	**-**	**259**

Provision for early repayment of mortgages includes the estimation of possible repayment of commissions received for mortgages intermediated in the year ended at the financial statements date, if particular clauses of the agreements with the banks provide for the reduction of the fees in case of loan prepayment or borrower default.

Provision for tax claims was allocated to face a possible liability, related to IRAP tax claims and connected penalties, concerning a previous financial year and affecting two companies of the Group.

19. Defined benefit program liabilities

The following table presents the situation of the item as of December 31, 2011 and 2010:

(euro thousand)	As of December 31, 2011	As of December 31, 2010
Employee termination benefits	2,550	1,611
Directors' termination benefits	366	172
Total defined benefit program liabilities	**2,916**	**1,783**

The economic and demographic assumptions used for the actuarial determination of the defined benefit program liabilities are provided below for the years ended December 31, 2011 and 2010:

	As of December 31, 2011	As of December 31, 2010
ECONOMIC ASSUMPTIONS		
Inflation rate	2%	2%
Discount rate	4.6%	4.6%
Salary growth rate	3%	3%

DEMOGRAPHIC ASSUMPTIONS	
Expected mortality rate	2002 ISTAT data on the Italian population split by gender.
Expected invalidity rate	Data split by sex, driven by the INPS model and projected to 2010. Expectations are constructed using the age and gender of the living pensioners at January 1, 1987 beginning from 1984, 1985, 1986 for the personnel of the credit sector.
Expected termination rate	A rate of 15% p.a. has been applied.
Expected retirements	It is expected that employees will reach the pensionable age provided within local laws
Expected early repayment rate	A rate of 3% p.a. has been applied.

The following table presents the variation of the employee termination benefit liability for the year ended December 31, 2011 and 2010:

Value as of December 31, 2009	**1,109**
Current service cost	536
Interest cost	56
Acquisitions	75
Benefits paid	(165)
Value as of December 31, 2010	**1,611**
Current service cost	668
Interest cost	74
Acquisitions	379
Benefits paid	(182)
Value as of December 31, 2011	**2,550**

Expenses related to the defined benefit program liability that are recognized in the income statement are as follows:

(euro thousand)	Years ended December 31, 2011	December 31, 2010
Current service cost	(668)	(536)
Implicit interest cost	(74)	(56)
Total expenses related to the defined benefit program	**(742)**	**(592)**

Besides, it is worth pointing out that as of December 31, 2011 the Group had not recognized actuarial gains or losses because the total amount of the actuarial losses on this date is equal to Euro 55 thousand, less than 10% of the amount of the defined benefit obligation.

20. Other liabilities

The item represents the liabilities for the forward purchases of minority interest stakes of Quinservizi S.p.A., equal to 25% of the capital of the subsidiary, and cercassicurazioni.it S.r.l., equal to 6% of the capital of the subsidiary, deriving from the agreements for put and call options with minority shareholders.

According to the applicable accounting principles (IAS 32), the existence of these options implies the identification of a term purchase contract with a defined price and, therefore, a liability for the Group.

The liabilities regarding such options have originally been recorded at fair value, counter-balanced by a reduction of Group shareholders' equity as, being the exercise prices of the options linked to the economic performance of the entities whose shares or quotas are the object of the option contracts, the risk of the variability of the fair value remains with the minority shareholders, whose share of shareholders' equity remains visible in the consolidated financial statements.

The liability regarding Quinservizi S.p.A. derives from an agreement signed with minority shareholders, who obtained from the Group a put option on their stake; at the same time the minority shareholders granted a call option for the same stake to the Group. The options are exercisable at the same price within three months from the date of approval of the annual report of Quinservizi S.p.A. for the financial year ended December 31, 2013.

Instead the liability regarding cercassicurazioni.it S.r.l. derives from an agreement signed with a minority shareholder of cercassicurazioni.it S.r.l., who obtained from the Group a put option on his stake; at the same time the minority shareholder granted a call option for the same stake to the Group. The option is exercisable at the same price during the period from January 1, 2014 to June 30, 2014. The fair-value measurement of this option, granted in the financial year ended December 31, 2010, has determined as of December 31, 2011 an expense of Euro 26 thousand, recognized in the income statement among financial expenses.

CURRENT LIABILITIES

21. Short-term borrowings

Short-term borrowings amounting to Euro 2,944 thousand as of December 31, 2011, include the borrowing for the use of a credit line for an amount equal to Euro 2,000 thousand, the current portions of borrowings and the interests payable on the loans amounting to Euro 734 thousand.

22. Trade and other payables

Trade and other payables include the payables to suppliers for the purchase of goods and services.

23. Tax payables

Tax payables include payables for corporate income tax (IRES) and regional income tax (IRAP).

24. Other current liabilities

The following table presents the situation of the item as of December 31, 2011 and 2010:

(euro thousand)	**As of December 31, 2011**	**As of December 31, 2010**
Liabilities to personnel	2,265	1,342
Social security liabilities	1,111	533
Social security liabilities on behalf of employees	596	386
Accruals	92	195
VAT liabilities	387	182
Other liabilities	371	223
Total other liabilities	**4,822**	**2,861**

Liabilities to personnel are mainly liabilities for accrued holidays and deferred expenses as of December 31, 2011 that are still to be paid and bonus liabilities for the financial year 2011 not yet paid as of December 31, 2011.

25. Shareholders' equity

The following table presents the situation of the item as of December 31, 2011 and 2010:

(euro thousand)	As of December 31, 2011	As of December 31, 2010
Share capital	944	955
Legal reserve	200	200
Other reserves	56	2,791
Retaind earnings	32,137	27,170
Total Group shareholders' equity	**33,337**	**31,116**
Other reserves of minority interest	978	573
Retained income of minority interest	(411)	(255)
Total shareholders' equity	**33,904**	**31,434**

For the changes in shareholders' equity, refer to the relevant table.

On April 21, 2011 the shareholders' meeting resolved the distribution of a dividend of Euro 13,885 thousand, of which Euro 13,508 thousand from the distribution of the earnings for the financial year 2010 and Euro 377 thousand from the net income reserve of the previous financial years. Such dividends have been paid out with ex-dividend date May 2, 2011 and payable date May 5, 2011.

As of December 31, 2011 the Company's share capital is composed of 39,511,870 shares without nominal value. During the year ended December 31, 2011 there were no changes in the number of issued shares.

During the year ended December 31, 2007 the Issuer initiated a buy-back program, for up to 2% of share capital, serving the stock option plan for directors, employees and other personnel. During the year ended December 31, 2008 the Company approved a new buy-back program, for up to the 10% of share capital, specifying limits and purposes. During the year ended December 31, 2008 also subsidiary MutuiOnline S.p.A. began a program for the purchase of shares the Issuer. During the year ended December 31, 2009 also the subsidiary Centro Istruttorie S.p.A. began a program for the purchase of shares of the Issuer.

During the year ended December 31, 2011 certain employees of the Group purchased 38,500 shares of the Issuer by exercising an equal number of stock options, at an average exercise price of Euro 3.80.

As of December 31, 2011 the companies of the Group held a total of 2,213,022 shares of the Issuer, of which 561,500 purchased directly by the Issuer, 1,500,000 purchased by subsidiary MutuiOnline S.p.A. and 151,522 purchased by subsidiary Centro Istruttorie S.p.A, equal to 5.601% of ordinary share capital, for a total cost of Euro 9,459 thousand. Being the shares without nominal value, the purchase cost is deducted from the share capital for an amount implicitly corresponding to the nominal value, equal to Euro 56 thousand as of December 31, 2011, and from the distributable reserves for an amount equal to the remaining part of the purchase cost.

The following table presents the impact of the purchase and sale of own shares by the companies of the Group on the consolidated share capital and net equity of the shareholders of the Issuer as of December 31, 2011 and 2010:

(euro thousand)	As of December 31, 2011	As of December 31, 2010
Share capital underwritten and paid	1,000	1,000
Own shares' nominal value	(56)	(45)
Total share capital	**944**	**955**

(euro thousand)	As of December 31, 2011	As of December 31, 2010
Other reserves gross of own shares	41,836	37,441
Surplus on own shares	(9,444)	(7,280)
Total other reserves	**32,392**	**30,161**

26. Stock option plan

In addition to the allotments of stock options resolved in the previous years, on February 28, 2011 the Company's executive committee resolved a further allotment of stock options to certain employees of the Group, according to the rules of the stock option plan approved by the shareholders' meeting on November 9, 2010, at an exercise price of equal to Euro 4.857 per option.

The recognition of the stock option plan was based on the Black, Scholes and Merton model for valuation of options using the following parameters:

Risk-free interest rate (%)	2.55%
Maturity (years)	6
Implicit volatility (%)	40%
Dividend yield	6.88%

On October 10, 2011 the Company's executive committee resolved a further allotment of stock options to certain employees of the Group at an exercise price of equal to Euro 4.01 per option.

The recognition of the stock option plan was based on the Black, Scholes and Merton model for valuation of options using the following parameters:

Risk-free interest rate (%)	0.92%
Maturity (years)	6
Implicit volatility (%)	35%
Dividend yield	8.63%

The parameters used for the valuation of options granted during the financial year ended December 31, 2011 refer to data collected at the same date of the allotment of the options and refer to the most recent economic/financial variables.

Recap for the financial year ended December 31, 2011

The following table summarizes the variation of the stock options during the year:

Stock options as of January 1, 2011	4,367,500
Stock options offered in 2011	85,000
Stock option canceled due to resignations in 2011	(3,000)
Stock option exercised in 2011	(38,500)
Stock options as of December 31, 2011	4,411,000
of which vested as of December 31, 2011	2,498,000

The outstanding stock options as of December 31, 2011 are as follows:

Data shareholders' meeting resolution	Date of assignment	Maturity date	Expiry date	# options	Strike price
February 9, 2007	June 6, 2007	June 6, 2010	June 5, 2013	1,560,000	7.500
February 9, 2007	July 9, 2007	July 9, 2010	July 8, 2013	481,000	7.500
February 9, 2007	July 9, 2007	July 9, 2010	July 8, 2013	188,500	6.200
February 9, 2007	February 11, 2008	February 11, 2011	February 10, 2014	65,500	3.800
February 9, 2007	July 15, 2008	July 15, 2011	July 14, 2014	3,000	4.350
February 9, 2007	May 7, 2009	January 1, 2010	December 31, 2012	200,000	4.500
November 9, 2010	November 22, 2010	November 22, 2013	November 21, 2016	800,000	5.196
November 9, 2010	December 16, 2010	December 16, 2013	December 15, 2016	974,000	5.126
November 9, 2010	December 28, 2010	December 28, 2013	December 27, 2016	54,000	5.010
November 9, 2010	February 28, 2011	February 28, 2014	February 27, 2017	52,000	4.857
November 9, 2010	October 10, 2011	October 10, 2014	October 9, 2017	33,000	4.010
			Total options	**4,411,000**	

The weighted average price of the shares for the year ended December 31, 2011 was equal to Euro 4.295.

Personnel costs for the year ended December 31, 2011 include Euro 642 thousand related to the Group's stock option plan. In the income statement for the year ended December 31, 2010 there are costs equal to Euro 447 thousand related to the stock option plan.

NOTES TO THE MAIN ITEMS OF THE CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

27. Revenues

The following table presents the details of the item for the financial years ended December 31, 2011 and 2010:

	Years ended	
(euro thousand)	**December 31, 2011**	**December 31, 2010**
Broking Division revenues	41,914	32,803
BPO Division revenues	29,921	20,627
Total revenues	**71,835**	**53,430**

28. Other income

The following table presents the details of the item for the financial years ended December 31, 2011 and 2010:

	Years ended	
(euro thousand)	**December 31, 2011**	**December 31, 2010**
Reimbursement of costs	410	327
Grants	58	49
Others	155	212
Total other income	**623**	**588**

29. Services costs

The following table presents the details of the item for the financial years ended December 31, 2011 and 2010:

	Years ended	
(euro thousand)	**December 31, 2011**	**December 31, 2010**
Marketing and commercial expenses	(9,812)	(7,568)
Notarial and appraisal services	(3,625)	(2,662)
Commission payout	(1,317)	(1,024)
Technical, legal and administrative consultancy	(1,221)	(1,191)
Telephone	(914)	(679)
Postage	(569)	(511)
Utilities and cleaning costs	(381)	(333)
Rental and lease expenses	(348)	(365)
Travel expenses	(346)	(288)
Other general expenses	(455)	(389)
Maintenance expenses	(142)	(108)
Total services costs	**(19,130)**	**(15,118)**

Marketing and commercial expenses refer to activities aimed at increasing the awareness and reputation of the Group and of its brands and to acquire new prospective clients.

Notary and appraisal services refer mainly to services purchased within the BPO Division and the increase recorded during the financial year ended December 31, 2011 is in line with the growth recorded by the Division in the period.

Technical, legal and administrative consultancy costs refer to expenses incurred for professional advice for legal and fiscal matters, for audit activities and for administrative support as well as for IT and technology consulting.

Commission payout is the compensation paid to the independent professionals of the "CreditPanel" network of introducers and developers for the loans brokered through the physical channel.

The rental and lease expenses include prevalently the fees paid by the companies of the Group for the rental of offices owned by third parties. The following table presents a summary of the lease obligations on the basis of existing contracts:

(euro thousand)	As of December 31, 2011
Less than 1 year	(338)
1 - 5 years	(1,054)
More than 5 years	(153)
Total lease obligations	**(1,545)**

30. Personnel costs

The following table presents the details of the item for the financial years ended December 31, 2011 and 2010:

	Years ended	
(euro thousand)	December 31, 2011	December 31, 2010
Wages and salaries	(13,282)	(9,737)
Social security contributions	(3,205)	(2,290)
Professional collaborators and project workers costs	(12)	(47)
Directors' compensation	(799)	(714)
Defined benefit program liabilities	(716)	(578)
Other costs	(115)	(112)
Stock option expenses	(642)	(447)
Changes in contract work in progress	(363)	573
Total personnel costs	**(19,134)**	**(13,352)**

The average headcount is as follows:

	Years ended	
	December 31, 2011	December 31, 2010
Managers	9	8
Supervisors	12	10
Employees	740	579
Professional collaborators and project workers	-	1
Average headcount	**761**	**598**
Headcount in Italy	438	368
Headcount in Romania	323	230

31. Other operating costs

Other operating costs include Euro 2,008 thousand and Euro 1,520 thousand relative to non-deductible VAT costs for the financial years ended December 31, 2011 and 2010, respectively.

Furthermore, in the financial year ended December 31, 2011, there are lower operating costs due to the extraordinary reduction of the doubtful liability allowance, equal to Euro 419 thousand.

32. Depreciation and amortization

The following table presents the details of the item for the financial years ended December 31, 2011 and 2010:

(euro thousand)	Years ended December 31, 2011	December 31, 2010
Amortization of intangible assets	(755)	(654)
Depreciation of property, plant and equipment	(840)	(635)
Total depreciation and amortization	**(1,595)**	**(1,289)**

33. Net financial income

The following table presents the details of the item for the financial years ended December 31, 2011 and 2010:

(euro thousand)	Years ended December 31, 2011	December 31, 2010
Financial income	428	443
Interest expense – borrowings	(228)	(211)
Implicit interest cost on defined benefit program liability	(74)	(54)
Net financial income/(loss)	**126**	**178**

Financial income includes mainly the interest income accrued in the period from the use of Group's available liquidity.

Interest expense for the financial year ended December 31, 2011 includes Euro 59 thousand related to interest on loan contracts and Euro 10 thousand on finance lease obligations.

34. Income tax expense

The following table presents the details of the item for the financial years ended December 31, 2011 and 2010:

(euro thousand)	Years ended December 31, 2011	December 31, 2010
Current income tax	(10,969)	(6,312)
Deferred taxes	751	(641)
Income tax expense	**(10,218)**	**(6,953)**

The reconciliation between the theoretical tax rate and the effective tax rate for the years ended December 31, 2011 and 2010 is provided in the following table:

	Years ended December 31, 2011	Years ended December 31, 2010
Corporate income tax (IRES)		
Theoretical tax rate	27.5%	27.5%
Non-deductible costs	0.0%	1.1%
Stock option expenses	0.3%	0.2%
Differences of the tax rate on foreign company income	-0.7%	-1.0%
Impact of the tax benefits	-0.2%	-0.7%
Others	0.9%	-1.1%
Effective IRES tax rate	**27.8%**	**26.0%**
Regional income tax (IRAP)		
Theoretical tax rate	3.9%	3.9%
Non-deductible costs	3.4%	3.6%
Others	-2.3%	-2.3%
Effective IRAP tax rate	**5.0%**	**5.2%**

35. Potential liabilities

In this respect, it is worth pointing out that during the financial year ended December 31, 2007, two companies of the Group, MutuiOnline S.p.A. and Centro Istruttorie S.p.A., were subjected to an audit from the territorial staff of the Ministry of Labor. These controls concerned, among other things, the legal classification of the professional and project-based collaboration contracts used by these companies. As of the date of preparation of the financial statements, the reports of the results of these audits and the claim forms for presumed contribution arrears and related penalties have been notified, the payment of which has been suspended, following the opposition of the company. The management examined these documents with the support of legal advisers and, at the moment, in the light of the notified forms, despite the granting of the suspension, we are unable to predict the financial outcome of the commenced litigation. In the consolidated financial statements no provision was made in such respect because, at present, the emergence of an obligation is considered possible but not probable and there are no objective evidences to make a reliable estimation of the amount of this potential obligation.

We did not recognize any further potential liability.

36. Related parties

Related party transactions, including intra-group transactions, are part of the ordinary business operations of the Group, and do not include any unusual or atypical transactions.

37. Other information

Compensations paid to the members of the governing and controlling bodies, general managers and managers with strategic responsibilities

The following table shows the compensation paid to the members of the governing and controlling bodies, general managers and managers with strategic responsibilities in the year ended December 31, 2011:

Name	Office	Holding period of the office From	To	Term of the office	Compensation for the office	Non-monetary benefits	Bonus and other incentives	Other
Marco Pescarmona	Chairman	1/1/2011	12/31/2011	Appr. of 2013 fin. stat.	57	2	175	110
Alessandro Fracassi	CEO	1/1/2011	12/31/2011	Appr. of 2013 fin. stat.	57	2	175	109
Fausto Boni	Director	1/1/2011	12/31/2011	Appr. of 2013 fin. stat.	10	-	-	-
Marco Zampetti	Director	1/1/2011	12/31/2011	Appr. of 2013 fin. stat.	32	-	-	-
Paolo Vagnone	Director	1/1/2011	12/31/2011	Appr. of 2013 fin. stat.	23	-	-	-
Alessandro Garrone	Director	1/1/2011	12/31/2011	Appr. of 2013 fin. stat.	14	-	-	-
Andrea Casalini	Director	1/1/2011	12/31/2011	Appr. of 2013 fin. stat.	26	-	-	-
Daniele Ferrero	Director	1/1/2011	12/31/2011	Appr. of 2013 fin. stat.	17	-	-	-
Giuseppe Zocco	Director	1/1/2011	12/31/2011	Appr. of 2013 fin. stat.	10	-	-	-
Matteo De Brabant	Director	4/21/2011	12/31/2011	Appr. of 2013 fin. stat.	7	-	-	-
Fausto Provenzano	Chairman of the board of st. aud.	1/1/2011	12/31/2011	Appr. of 2011 fin. stat.	7	-	-	26
Paolo Burlando	Statutory auditor	1/1/2011	12/31/2011	Appr. of 2011 fin. stat.	5	-	-	17
Francesca Masotti	Statutory auditor	1/1/2011	12/31/2011	Appr. of 2011 fin. stat.	5	-	-	17

The column "other" includes the compensations for office in subsidiaries, wages received as employees, and the provisions for the benefits upon termination.

Stock options offered to the members of the governing and controlling bodies, general managers and managers with strategic responsibilities

The following table shows the stock options offered to the members of the governing and controlling bodies, general managers and managers with strategic responsibilities in the year ended December 31, 2011:

		Options held as of December 31, 2010			Option offered in 2011			Options exercised in 2011			Options vested in 2011	Options held as of December 31, 2011		
(A)	(B)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)=1+4-7	(12)	(13)
Name	Office	N. of Options	Average exercise price	Average term	N. of Options	Average exercise price	Average term	N. of Options	Average exercise price	Average market price	N. of Options	N. of Options	Average exercise price	Average term
Marco Pescarmona	Chairman	1,280,000	6.5	2014	-	-	-	-	-	-	-	1,280,000	6.5	2014
Alessandro Fracassi	CEO	1,280,000	6.5	2014	-	-	-	-	-	-	-	1,280,000	6.5	2014

Fees paid to the independent auditors

The following table provides the fees paid to the independent auditors by the Issuer and its subsidiaries during the year ended December 31, 2011, separating the fees paid for audit services from the fees paid for other attestation services:

(euro thousand)	Year ended December 31, 2011 Gruppo MutuiOnline S.p.A.	Subsidiaries
Audit	61	106
Attestation	-	29
Total fees paid to the independent auditor	**61**	**135**

38. Subsequent events

There are no major subsequent events as of December 31, 2011.

39. Earnings per share

Earnings per share for the year ended December 31, 2010 are calculated by dividing the net income attributable to the shareholders of the Company for the year (Euro 15,510 thousand) by the weighted average number of the shares outstanding during the year ended December 31, 2010 (37,877,541 shares).

Earnings per share for the year ended December 31, 2011 are calculated by dividing the net income attributable to the shareholders of the Company for the year (Euro 21,016 thousand) by the weighted average number of Issuer's shares outstanding during the year ended December 31, 2011 (37,452,564 shares).

For the financial year ended December 31, 2011 we report no significant difference between the basic earnings per share and the diluted earnings per share: at the moment there are 98,500 equity instruments (stock options) that meet the requirements provided by IAS 33 to generate dilutive effects on the earnings per share.

Milan, March 14, 2012

For the Board of Directors
The Chairman
(Ing. Marco Pescarmona)

Gruppo MutuiOnline

ANNUAL REPORT

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011

Prepared according to IAS/IFRS

4. ANNUAL REPORT AS OF AND FOR YEAR ENDED DECEMBER 31, 2011

4.1. Financial statements

4.1.1. Statement of financial position

(euro thousand)	Note	As of December 31, 2011	December 31, 2010
ASSETS			
Intangible assets and Property, plant and equipment	3	81	80
Investments in associated companies	4	8,113	7,781
Total non-current assets		**8,194**	**7,861**
Cash and cash equivalents	6	25,465	10,875
(of which) with related parties	*26*	*1,328*	*1,664*
Financial assets held to maturity	7	1,980	10,879
Financial assets available for sale	13	196	196
Trade receivables (with related parties)	26	377	122
Tax receivables	8	-	370
Other current assets	9	24,712	19,731
(of which) with related parties	*26*	*24,230*	*19,561*
Total current assets		**52,730**	**42,173**
TOTAL ASSETS		**60,924**	**50,034**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	10	986	987
Legal reserve	10	200	200
Other reserves	10	785	498
Retaind earnings	10	565	827
Net income	10	11,118	13,622
Total shareholders' equity		**13,654**	**16,134**
Long-term borrowings	11	5,685	1,352
Defined benefit program liabilities	12	119	79
Deferred tax liabilities	23	157	193
Other non current liabilities	13	97	196
Total non-current liabilities		**6,058**	**1,820**
Short-term borrowings	12	37,362	30,666
(of which) with related parties	*26*	*34,684*	*30,000*
Trade and other payables	13	1,028	742
(of which) with related parties	*26*	*420*	*181*
Tax payables	14	2,382	-
Other current liabilities	15	440	672
(of which) with related parties	*26*	*215*	*476*
Total current liabilities		**41,212**	**32,080**
TOTAL LIABILITIES		**47,270**	**33,900**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**60,924**	**50,034**

4.1.2. Income statement

(euro thousand)	Note	Years ended December 31, 2011	December 31, 2010
Revenues (from subsidiaries)	19	13,859	15,811
Other income		1	-
Services costs	20	(1,797)	(1,716)
(of which) with related parties	*26*	*(48)*	-
Personnel costs	21	(1,302)	(977)
Other operating costs		(64)	(15)
Depreciation and amortization		(45)	(33)
Operating income		**10,652**	**13,096**
Financial income	22	338	235
(of which) with related parties	*26*	*15*	*14*
Financial expenses	22	(519)	(198)
(of which) with related parties	*26*	*(420)*	*(124)*
Net income before income tax expense		**10,471**	**13,133**
Income tax expense		647	489
Net income		**11,118**	**13,622**

During the financial year ended December 31, 2011 we did not record profit and loss items deriving from events or operations whose occurrence is not recurring or from operations or facts that are not common during the course of activities.

4.1.3. Comprehensive income statement

(euro thousand)	Note	Years ended December 31, 2011	December 31, 2010
Net income		**11,118**	**13,622**
Total other comprehensive income		-	-
Total comprehensive income for the period		**11,118**	**13,622**

4.1.4. Statement of cash flows

(euro thousand)	Note	Years ended December 31, 2011	December 31, 2010
Net income		**11,118**	**13,622**
Amortization and depreciation	3	45	33
Stock option expenses	18	309	264
Interest cashed		320	199
Income tax paid		(3,563)	(3,924)
Changes in trade receivables/payables		31	233
Changes in other assets/liabilities		1,131	(10,602)
(of which) with related parties		*(4,928)*	*(14,464)*
Payments on defined benefit program		40	20
Net cash provided by operating activities		**4,503**	**(14,619)**
Investments:			
- Increase of participation	3	(9)	(18)
- Increase of financial assets held to maturity	3	(37)	(19)
- Increase of financial assets availables for sales	4	(332)	(192)
- Increase of financial assets held to maturity	7	-	(10,879)
Disposals:			
- Decrease of financial assets held to maturity	7	8,899	-
Net cash used in investing activities		**8,521**	**(11,108)**
Increase of financial liabilities	11	5,000	-
Decrease of financial liabilities	11, 14	(654)	(2,905)
Interest paid		(484)	(211)
Stock options expenses for subsidiaries	4	332	182
Purchase/Sale of own shares	10	(355)	-
Dividends paid	10	(13,885)	(13,665)
Net cash used in financing activities		**(10,046)**	**(16,599)**
Net increase in cash and cash equivalents		**7,906**	**(27,862)**
Cash and cash equivalents at the beginning of the year	6	10,875	26,765
(of which) with related parties	*26*	*1,664*	*1,367*
Current account overdraft at the beginning of the year (with related parties)	26	(30,000)	(18,028)
Net cash and cash equivalents at the beginning of the year		**(19,125)**	**8,737**
Net cash and cash equivalents at the end of the year	6	25,465	10,875
(of which) with related parties	*26*	*1,328*	*1,664*
Current account overdraft at the end of the year (with related parties)	26	(36,684)	(30,000)
Cash and cash equivalents at the end of the year		**(11,219)**	**(19,125)**

4.1.5. Statement of changes in shareholders' equity

(euro thousand)	Share capital	Legal reserve	Other reserves	Retained earnings	Net income of the year	Total
Value as of December 31, 2009	**987**	**200**	**799**	**779**	**12,965**	**15,730**
Allocation of previous year net income	-	-	-	59	(12,965)	**(12,906)**
Distribution of extraordinary dividend	-	-	-	(759)	-	**(759)**
Purchase of own shares	-	-	(747)	747	-	**-**
Own shares reclassification	-	-	446	-	-	**446**
Stock option plan	-	-	-	1	-	**1**
Net income of the year	-	-	-	-	13,622	**13,622**
Value as of December 31, 2010	**987**	**200**	**498**	**827**	**13,622**	**16,134**
Allocation of previous year net income	-	-	-	114	(13,622)	**(13,508)**
Distribution of extraordinary dividend	-	-	-	(377)	-	**(377)**
Purchase of own shares	(2)	-	(499)	-	-	**(501)**
Exercise of stock options	1	-	145	-	-	**146**
Own shares reclassification	-	-	641	-	-	**641**
Stock option plan	-	-	-	1	-	**1**
Net income of the year	-	-	-	-	11,118	**11,118**
Value as of December 31, 2011	**986**	**200**	**785**	**565**	**11,118**	**13,654**
Note	10	10	10, 18	10		

4.2. Explanatory notes to the financial statements (separated financial report)

1. Basis of preparation of the consolidated financial statements

This annual report, including the statement of financial position, comprehensive income statement, statement of cash flows and statement of changes in shareholders' equity as of and for the year ended December 31, 2011 and the relevant notes, has been prepared in accordance with IFRS issued by the International Accounting Standard Board ("IASB") and the related interpretations SIC/IFRIC, adopted by the European Commission. Besides it has been prepared in accordance with CONSOB resolutions No. 15519 and No. 15520 dated July 27, 2006, with CONSOB communication No. DEM/6064293 dated July 28, 2006 and with art. 149-*duodecies* of the Issuer Regulations.

The financial statements are prepared at cost, with the exception of the items specifically described in the following notes, for which the measurement at fair value is adopted. The fair value is the price at which an asset could be exchanged, or a liability discharged, between knowledgeable, willing parties in an arm's length transaction.

Receivables are derecognized if the right to receive the cash flows has been transferred or when the entity no longer controls such financial assets.

Payables are derecognized only when they are settled or the specific obligation is met or canceled or expired.

In particular the IFRS have been consistently applied to all the periods presented.

All the amounts included in the tables of the following notes are in thousands of Euro.

Following the effectiveness of EU Regulation N 1606/1002 and the related national provisions of enactment, starting from year 2007, Gruppo MutuiOnline S.p.A. adopts the International Financial Standard issued by the International Accounting Standard Board ("IASB") and the related interpretations, adopted by the European Commission ("IFRS"). IFRS should be understood as the International Financial Reporting Standards, the International Accounting Standards ("IAS"), the interpretations of the International Financial Reporting Interpretation Committee ("IFRIC"), previously denominated Standing Interpretations Committee ("SIC").

The financial statement schemes adopted are in accordance to the ones provided by IAS 1 ("Presentation of financial statements") and in particular:

- for the statement of financial position we adopted the "current/non-current" presentation;
- for the comprehensive income statement we adopted the presentation of costs by nature;
- the statement of changes in shareholders' equity was prepared according with IAS 1;
- the statement of cash flows was prepared using the indirect method.

In addition, in accordance with revised IAS 1 ("Presentation of financial statements"), in the income statement after the net income for the period we also present the comprehensive income components.

The most significant provisions adopted for the preparation of the consolidated financial statements are the following:

A) Intangible assets

Intangible assets are non-monetary assets which are distinctly identifiable and able to generate future economic benefits. These items are recognized at purchase cost and/or internal production cost, including all costs to bring the assets available for use, net of accumulated amortization and impairment, if any.

Amortization commences when the asset is available for use and is calculated on a straight-line basis over the estimated useful life of the asset.

(a) Licenses and other rights

Licenses and other rights are amortized on a straight line basis in order to allocate their acquisition cost over the shorter of useful life and duration of the relevant contracts, starting from the moment of acquisition of the rights and usually lasting for a period of 3 to 5 years.

B) Property, plant and equipment

Property, plant and equipment are stated at historical cost of acquisition or production less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When assets are composed of different identifiable components whose useful life is significantly different, each component is depreciated separately applying the "component approach".

Depreciation is charged to each component on a systematic basis over the estimated useful life from the date of initial recognition.

Property, plant and equipment are depreciated with useful lives as follows:

Description of the main categories of the item "Property, plant and equipment"	Period
Leasehold improvements	shorter of contract duration and useful life
Generic equipment	5 years
Hardware	2.5 years
Office equipment	2.5-5 years
Furniture and fittings	8 years
Auto vehicles	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

C) Investments in subsidiaries

An entity is defined subsidiary when the Issuer owns, directly or indirectly, more than half of the voting power exercisable in the shareholders' meeting.

Investments in subsidiaries are measured at cost adjusted for any impairment loss recognized in the income statement. When the motives for such losses are no longer valid, the value of investments is increased up to the relevant cost of acquisition. This recovery is recognized in the income statement.

D) Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and highly liquid short term investments (readily convertible to cash within 3 months), that are easily convertible to cash and not subject to risk of change in value. Overdrafts are included in short-term borrowings and are measured at the fair value.

E) Financial assets held to maturity

These financial assets are low-risk bonds purchased by the Group not available for trading, valued initially at fair value and subsequently at amortized cost using the effective interest rate basis.

F) Financial assets available for sales

In this category we include the financial assets, not represented by derivatives, designed to be included in this item or not classified in any previous item. These assets are valued at fair value, determined referring to the market prices as of the date of the balance sheet or the interim financial reports, or using financial valuation techniques or models, recognizing the changes of the value counterbalanced by a specific equity reserve ("reserve for financial assets available for sales") by means of recording in the comprehensive income statement. This reserve is released in the income statement only when the financial asset is effectively disposed or, in case of negative changes, when it is evident that the change already recorded in the equity is no more recoverable. The classification as current or not current asset depends on the purposes of the management and on the actual negotiability of the asset itself: the assets, whose sale is expected in 12 months, are recorded as current assets. Equity instruments, which are not traded in a regulated market and whose fair value can't be reliably measured, are measured at cost.

If there should be an objective evidence of indicators of impairment, the value of the assets is reduced for an amount equal to the present value of expected future cash flows: the negative changes previously recorded in the equity reserve are released in the income statement. The previously recognized impairment is recovered if the circumstances which caused the recording cease, applicable only non-equity financial assets.

G) Trade receivables

Trade receivables are valued initially at fair value and subsequently at amortized cost using the effective interest rate basis.

Any losses arising as a result of impairment reviews are recognized in the income statement. In the presence of impairment indicators, the values of the assets are reduced to the present value of expected future cash flows and the differences are recognized in the income statement, with a provision for bad debts as counterbalance, offsetting trade receivables. If in subsequent periods the reasons for such impairments are no longer valid, the values of the assets are reinstated up to the amortized cost as if the impairment had never occurred.

H) Own shares

Own shares are booked as reduction of shareholders' equity. Being the shares without nominal value, the purchase cost is deducted from the share capital for an amount implicitly corresponding to the nominal value and from the distributable reserves for an amount equal to the remaining part of the purchase cost.

I) Trade payables and financial liabilities

Financial liabilities, trade payables and other debts are initially recognized at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Whenever expected future cash flows change, and these could be reliably estimated, the value of the liability is recalculated on the basis of the new cash flows and the initially determined effective interest rate.

J) Defined benefit program liability

The termination employee benefit ("*Trattamento Fine Rapporto*", or "TFR"), that is compulsory for Italian companies in accordance with civil code, is considered by IFRS a defined benefit program, and is based, among other things, on the period of employment and the remuneration of the employee during a predefined period.

The liability recognized on the statement of financial position is the probable cash outflow at the end of the employment, discounted using the Projected Unit Credit Method to account for the time value of money. The Company adopted the corridor method provided by IAS 19 for the recognition of actuarial gains and losses. This method allows only the recognition of the adjustments arising from changes in actuarial assumptions that are greater of 10% of the defined benefit obligation. The portion that exceeds the 10% is recognized in the income statements of subsequent years over the expected average working life of the employees.

The implicit interest cost for the adjustment of the present value of the defined benefit program liability over time is recognized in the financial expenses in the income statement.

The legislative changes becoming effective in 2007 had no significant impact on the evaluation method adopted by the Company because the percentage of employees adhering to the funds at the relevant date is low and besides the Company does not exceed the limits, provided by the new law and calculated on the average number of employees in the year in force, over which a company is obliged to contribute the accrued fund to the National Institute for Social Security ("INPS") when employees choose to keep their TFR in the company.

K) Share based payments

The Company has a stock option plan for the benefit of directors, employees and other personnel. As per IFRS 2, stock option plans are valued at the fair value of the option at grant date, using methods that take into account the exercise price and vesting period of the option, the current stock price, the expected volatility and dividend payout of the shares, and the risk-free interest rate.

As of the grant date the expense related to the stock option plan is recognized on a straight-line basis in personnel costs in the income statement over the vesting period of the option, and in a reserve in shareholders' equity.

With respect to the valuation of the stock options assigned to directors and employees of subsidiaries, for which there is no mechanism to charge back the cost incurred to such subsidiaries, the book value of the participations has been increased by an amount equal to the cost incurred for the options, counter-balanced by the appropriate shareholders' equity reserve. An adjustment has been made to incorporate also the costs accrued in the previous financial years.

L) Revenue and cost recognition

Revenues and costs are recognized on an accrual basis. Services revenues are recognized when the services are performed.

Revenues and other income are recognized net of discounts, allowances and bonuses and the taxes directly related to the services.

Revenues are recognized in the income statement when it is probable that future economic benefits will flow to the Company.

Costs are recognized as the assets and services are consumed during the relevant period, or when it is not possible to determine future economic benefits.

M) Dividends

Dividends received are recognized when the Company obtains the right to receive the payment. This right arises on the date of the resolution of the shareholders' meeting of the subsidiary that distributes the dividends.

In the income statement, received dividends are classified among the revenues.

N) Financial income and expenses

Interest income and expenses are recognized in the accrual period on the net value of the relevant financial assets and liabilities using the effective interest rate method.

Financial income and expenses are recognized on an accrual basis and recorded in the income statement in the accrual period.

O) Taxation

Current income taxes are accounted on the basis of estimated taxable income and the relevant applicable tax rates.

Deferred income tax is provided in full on temporary differences arising between the tax bases of assets and liabilities (excluding goodwill) and their carrying amounts, and differences arising from undistributed reserves registered in the shareholders' equity of the subsidiaries when the timing of reversal of these differences is under the Group's control and they will probably reverse within a reliably foreseen period. Deferred income tax assets, including those on tax loss carry forwards, and not offset by deferred tax liabilities, are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income taxes are calculated using tax rates (and laws) that are expected to apply when the related deferred income tax assets are realized or the deferred income tax liabilities are settled.

Current and deferred income taxes are recognized in the income statement with the exception of the items which are recognized directly in shareholders' equity in which case the tax effect is accounted for in the relevant equity reserve. Current and deferred tax assets and liabilities are netted only when the entity has a legally enforceable right to offset the recognized amounts.

Starting from the financial year ended December 31, 2006 Gruppo MutuiOnline S.p.A. and its subsidiaries MutuiOnline S.p.A., CreditOnline Mediazione Creditizia S.p.A., Centro Istruttorie S.p.A., Centro Finanziamenti S.p.A. and PP&E S.r.l. exercised the option for the tax consolidation regime as provided by Italian law, which allows to calculate the corporate income tax ("IRES") on a taxable income corresponding to the algebraic sum of the taxable incomes or losses of the Companies of the Group. The economic relationships, besides the mutual responsibilities and duties, among the holding and its subsidiaries that exercised the option, are regulated by a contract drawn up in June 2006, subsequently renewed in June 2009. Tax liabilities are counterbalanced by other current assets of the parent company versus its subsidiaries corresponding to the taxable income transferred within the tax consolidation regime.

Other taxes, not related to income, are recognized as operating costs in the income statement.

P) Earnings per share

Since the Company prepares both the consolidated and separate annual reports, the required information is presented only in the consolidated annual report.

Q) Critical accounting estimates and judgments

The preparation of the financial statements requires the application by the directors of principles and accounting methodologies that sometimes require the use of estimates and judgments based on historical experience and other assumptions that are believed to be reasonable under the circumstances. The application of these estimates and assumptions impacts on the amounts included in the statement of financial position, income statement, statement of cash flows and the notes to the financial statements. The resulting accounting estimates could differ from the related actual results because of the uncertainty influencing the assumptions.

For the Company, the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are those regarding the accounting representation of the stock options. The valuation of stock option plans is based on valuation techniques which take into consideration the expected volatility of share prices and the dividend yield. Should different assumptions be applied, the valuation of the stock option plans and the related expenses could be different.

R) New principles effective starting from the financial year ended December 31, 2011 that did not generated any effect on the Issuer

It is worth mentioning that the following accounting principles, amendments and interpretations effective from January 1, 2011 are not relevant to or have not generated any effect on the Group:

- amendments to IAS 32 "Financial instruments: Presentation - classification of rights issues" effective from the financial years starting after February 1, 2010;

- IFRS 1 revised "First-time adoption" and subsequent amendments effective from the financial years starting after July 1, 2011;

- IAS 24 "Related party disclosures", effective from January 1, 2011;

- IFRIC 14 "Pre-payments of a minimum funding requirement", effective from January 1, 2011;

- IFRIC 19 "Extinguishing financial liabilities with equity instruments", effective from January 1, 2011;

- "Annual improvements - 2010", effective from January 1, 2011.

S) <u>Accounting principles recently approved by European Commission and not yet effective</u>

Finally, it is worth mentioning that for the following accounting principles, amendments and interpretations, not yet effective or not early adopted by the Group, we are evaluating the impact on the consolidated financial statements of the Issuer:

- amendments to IFRS 7 "Financial instruments: presentation" effective from July 1, 2011;

- amendments to IAS 12 "Income taxes" in terms of deferred tax effective from January 1, 2012;

- amendments to IAS 1 "Presentation of financial statements" effective from July 1, 2012;

- IFRS 9 "Financial instruments" effective from January 1, 2013;

- IFRS 10 "Consolidated financial statements" effective from January 1, 2013;

- IFRS 11 "Joint arrangements" effective from January 1, 2013;

- IFRS 12 "Disclosure of interests in other entities" effective from January 1, 2013;

- IFRS 13 "Fair value measurement" effective from January 1, 2013;

- IAS 19 (revised 2011) "Employee benefits" effective from January 1, 2013;

- IAS 27 (revised 2011) "Separate financial statements" effective from January 1, 2013;

- IAS 28 (revised 2011) "Investments in associates and joint ventures" effective from January 1, 2013;

- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" effective from January 1, 2013.

Presently, no significant impacts are expected from the adoption of these principles.

2. Risk analysis

Gruppo MutuiOnline S.p.A. is a holding company and for this reason it is indirectly subject to the peculiar risks of its subsidiaries. In this respect, please refer to the notes to the consolidated financial statements and to the directors' report on operations of each subsidiary.

Instead the Company is autonomously subject to exchange and interest rate risk and liquidity risk.

Exchange and interest rate risk

As of today, financial risk management is performed at Group level.

The Company presents a financial indebtedness equal to Euro 37,362 thousand, of which, however Euro 34,684 thousand are represented by short-term financial debts with subsidiaries within the Group's cash pooling services. In addition, current assets include cash and cash equivalents equal to Euro 25,465 thousand, of which Euro 1,328 thousand from subsidiaries within the a Group's cash pooling services, and Euro 1,980 thousand from current financial assets held to maturity, and receivables from subsidiaries equal to Euro 24,230 thousand.

Therefore, within the framework of Group interest rate risk management, the use of derivative instruments to hedge interest rate risk is not contemplated since, currently, the Company has a variable interest rate borrowing (based on Euribor) towards non-related parties of a lower amount than bank deposits (all of which are based on Euribor), so that the economic and financial effect of rate changes is considered negligible.

The interest rate on the loan with Intesa Sanpaolo, granted in 2006, is equal to 6-month Euribor plus 0.85%, whereas the interest rate on the loan with Cariparma S.p.A., granted in 2011, is equal to 6-month Euribor plus 3.00%. A possible unfavorable variation of the interest rate, equal to 1%, should produce an additional expense equal to Euro 52 thousand in 2012. It is worth pointing out that such variation of the interest rate would be more than compensated by the favorable impact on available liquidity.

Referring to the coverage of exchange rate risk, it is worth pointing out that the Company does not have payables or receivables in foreign currency so significant as to justify the use of coverage instruments.

Liquidity risk

Liquidity risk is evident when a company is not able to procure financial resources to support short-term operations.

The Company presents cash and cash equivalent as of December 31, 2011 equal to Euro 25,465 thousand against current liabilities equal to Euro 37,362 thousand, of which, however Euro 34,684 thousand consist in current financial debts with subsidiaries. Furthermore, the current assets include receivables and other current assets from subsidiaries equal to Euro 24,230 thousand, which have considerable liquidity. This provides the Company with easily available financial resources to support short-term operations.

Moreover, the risk arising from the potential default of our bank counterparties is mitigated by the policy of diversifying the available deposits with different banking institutions.

NOTES TO THE MAIN ITEMS OF THE STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

3. Intangible assets and property, plant and equipment

The following table presents the detail of the property, plant and equipment as of December 31, 2010 and 2011:

(euro thousand)	Plant and machinery	Other tangible assets	Total
Cost as of January 1, 2010	**13**	**87**	**100**
Additions	-	19	19
Cost as of December 31, 2010	**13**	**106**	**119**
Accumulated depreciation as of January 1, 2010	**2**	**22**	**24**
Depreciation expense	4	23	27
Accumulated depreciation as of December 31, 2010	**6**	**45**	**51**
Net book value as of December 31, 2010	**7**	**61**	**68**
Cost as of January 1, 2011	**13**	**106**	**119**
Additions	22	14	36
Cost as of December 31, 2011	**35**	**120**	**155**
Accumulated depreciation as of January 1, 2011	**6**	**45**	**51**
Depreciation expense	8	28	36
Accumulated depreciation as of December 31, 2011	**14**	**73**	**87**
Net book value as of December 31, 2011	**21**	**47**	**68**

It is also worth pointing out that there are intangible assets with a net value equal to Euro 13 thousand which consist of third party software licenses purchased in the financial year ended December 31, 2011.

4. Investments in subsidiaries

The Company holds 100% of the ordinary share capital of MutuiOnline S.p.A., Centro Istruttorie S.p.A., CreditOnline Mediazione Creditizia S.p.A., Centro Finanziamenti S.p.A., PP&E S.r.l., Centro Perizie S.r.l. and Finprom S.r.l..

The following table provides the detail of investments in subsidiaries as of December 31, 2011 and 2010:

(euro thousand)	As of December 31, 2011	As of December 31, 2010
Costs sustained	8,113	7,781
Total investments in subsidiaries	**8,113**	**7,781**

The adjustments are due to the cost of the stock options assigned to employees and other personnel of the subsidiaries, for an amount equal to Euro 332 thousand in the year ended December 31, 2011.

The following tables provide a brief summary of the main data of the subsidiaries.

Corporate name: MUTUIONLINE S.P.A.	
Registered office: Milano, Via F. Casati 1/A	
Share capital	1,000
Shareholders' equity	24,108
Book value	3,388

Corporate name: CREDITONLINE MEDIAZIONE CREDITIZIA S.P.A.	
Registered office: Milano, Via F. Casati 1/A	
Share capital	200
Shareholders' equity	5,887
Book value	678

Corporate name: CENTRO ISTRUTTORIE S.P.A.	
Registered office: Milano, Via F. Casati 1/A	
Share capital	500
Shareholders' equity	5,177
Book value	2,959

Corporate name: CENTRO FINANZIAMENTI S.P.A.	
Registered office: Milano, Via F. Casati 1/A	
Share capital	600
Shareholders' equity	2,614
Book value	868

Corporate name: PP&E S.R.L.	
Registered office: Milano, Via F. Casati 1/A	
Share capital	100
Shareholders' equity	131
Book value	102

Corporate name: FINPROM S.R.L.	
Registered office: Romania, Arad, Str. Cocorilor n. 24/A	
Share capital	10
Shareholders' equity	1,496
Book value	108

Ragione sociale: CENTRO PERIZIE S.R.L.	
Registered office: Milano, Via F. Casati 1/A	
Share capital	10
Shareholders' equity	190
Book value	10

5. Deferred tax assets

As of December 31, 2011 and 2010 there are no deferred tax assets.

CURRENT ASSETS

6. Cash and cash equivalent

Cash and cash equivalents include cash in hand and bank deposits.

The following table presents net financial position, as defined in the CONSOB communication No. DEM/6064293 dated July 28, 2006, as of December 31, 2011 and 2010:

(euro thousand)	As of December 31, 2011	As of December 31, 2010	Change	%
A. Cash and cash equivalents	25,465	10,875	14,590	134.2%
B. Other cash equivalents	-	-	-	N/A
C. Securities held for trading	2,176	11,075	(8,899)	-80.4%
D. Liquidity (A) + (B) + (C)	**27,641**	**21,950**	**5,691**	**25.9%**
E. Current financial receivables	**-**	**-**	**-**	**N/A**
F. Bank borrowings	(2,000)	-	(2,000)	N/A
G. Current portion of long-term borrowings	(678)	(666)	(12)	1.8%
H. Other short-term borrowings	(34,684)	(30,000)	(4,684)	15.6%
I. Current indebteness (F) + (G) + (H)	**(37,362)**	**(30,666)**	**(6,696)**	**21.8%**
J. Net current financial position (I) + (E) + (D)	**(9,721)**	**(8,716)**	**(1,005)**	**11.5%**
K. Non-current portion of long-term bank borrowings	(5,685)	(1,352)	(4,333)	320.5%
L. Bonds issued	-	-	-	N/A
M. Other non-current borrowings	-	-	-	N/A
N. Non-current Indebteness (K) + (L) + (M)	**(5,685)**	**(1,352)**	**(4,333)**	**320.5%**
O. Net financial position (J) + (N)	**(15,406)**	**(10,068)**	**(5,338)**	**53.0%**

It is worth highlighting that starting from the financial year ended December 31, 2009 Gruppo MutuiOnline S.p.A. has initiated a cash pooling service. All the Italian subsidiaries as of December 31, 2011 have joined this system, except cercassicurazioni.it S.r.l., Centro Perizie S.r.l., Quinservizi S.p.A. and Key Service S.r.l.. The cash pooling service aims to a more efficient management of available liquidity and investments at a group level. This led to an increase of the short-term financial liabilities of the Issuer that as of December 31, 2011 has "Other current borrowings" equal to Euro 34,684 thousand, consisting exclusively in borrowings versus subsidiaries within the cash pooling service.

Is also worth highlighting an increase of "Cash and Cash equivalents" due to the reduction of investments in "Securities held to maturity" as of December 31, 2011 and to the increase of "Non-current bank borrowings" mainly due to the loan agreement with Cariparma S.p.A..

For more detail on the cash balance of cash and cash equivalents and of current financial debts from companies of the Group please refer to note 26.

7. Financial assets held to maturity

These financial assets are low-risk bonds, with a maturity of less than one year, which the Issuer has purchased for the management of the liquidity of the Group exceeding short-term financial needs.

As of December 31, 2011 the value of this item is equal to Euro 1,980 thousand and it consists of one-year Treasury Bills of the Italian Republic.

8. Tax receivables

As of December 31, 2011 there were no receivables for current taxes.

The amount as of December 31, 2010, was equal to Euro 370 thousand, related to current IRES receivables.

9. Other current assets

The following table presents the detail of the item as of December 31, 2011 and 2010:

	As of	
(euro thousand)	**December 31, 2011**	**December 31, 2010**
Recivables from subsidiaries for dividends	11,798	14,165
Receivables from subsidiaries for national tax consolidation regi	7,342	4,858
Loan to a subsidiary	5,090	540
VAT receivables	423	132
Accruals and prepayments	56	35
Advances to suppliers	3	1
Total other current assets	**24,712**	**19,731**

Receivables from subsidiaries are as follows:

(euro thousand)	As of December 31, 2011	December 31, 2010
Receivables for national tax consolidation regime:		
From MutuiOnline S.p.A.	4,431	2,521
From CreditOnline Mediazione Creditizia S.p.A.	963	1,484
From Centro Istruttorie S.p.A.	1,534	501
From Centro Finanziamenti S.p.A.	358	293
From PP&E S.r.l.	30	59
From Effelle Ricerche S.r.l.	26	-
Total receivables for tax consolidation regime	**7,342**	**4,858**
Receivables for dividends:		
From MutuiOnline S.p.A.	6,500	7,500
From CreditOnline S.p.A.	3,000	4,879
From Centro Istruttorie S.p.A.	1,020	-
From Centro Finanziamenti S.p.A.	1,278	1,786
Total receivables for dividends	**11,798**	**14,165**
Loan to a subsidiary:		
Loan to Centro Perizie S.r.l.	5,090	540
Total loan to subsidiary	**5,090**	**540**
Total receivables from subsidiaries	**24,230**	**19,563**

SHAREHOLDERS' EQUITY

10. Share capital and reserves

For the statement of changes in shareholders' equity please refer to the relevant table.

On April 21, 2011, the shareholders' meeting approved the distribution of a dividend of Euro 13,885 thousand, from which Euro 13,508 thousand from the distribution of the earnings for financial year 2010 and Euro 377 thousand from the net income reserve of the previous financial years. Such dividends have been paid out with ex-dividend date May 2, 2011 and payable date May 5, 2011.

As of December 31, 2011, the Company's share capital is composed of 39,511,870 shares without nominal value. During the year ended December 31, 2011, there were no changes in the number of outstanding shares.

During the year ended December 31, 2007, the Company initiated a buy-back program, for up to the 2% of share capital, serving the stock option plan for directors, employees and other personnel. During the year ended December 31, 2008, the shareholders' meeting has approved a new buy-back program, for up to the 10% of share capital, specifying limits and purposes. During the year ended December 31, 2009, the shareholders' meeting has approved a new buy-back program, specifying limits and purposes, for up to the 10% of share capital, or a higher quantity permitted by the applicable pro tempore law.

During the year ended December 31, 2011 certain employees of the Group purchased 38,500 shares of the Issuer by exercising an equal number of matured stock options.

As of December 31, 2011, the Company held 561,500 own shares, equal to 1.421% of ordinary share capital, at a total cost of Euro 2,725 thousand. Being the shares without nominal value, the purchase cost is deducted from the share capital for an amount implicitly corresponding to the nominal value, equal to Euro 14 thousand as of December 31, 2011, and from the distributable reserves for an amount equal to the remaining part of the purchase cost.

(euro thousand)	As of December 31, 2011	December 31, 2010
Book value of own shares	**2,765**	**2,410**
(of which) offsetting share capital	14	13
(of which) offsetting other reserves	2,751	2,397

It is worth mentioning that the number of shares of the Issuer purchased by all the companies of the Group in total does not exceed 10% of the ordinary share capital of the Issuer.

The following table presents the origin and the availability of the item included in shareholders' equity:

				Summary of the utilizations during the past three years		
(euro thousand)	As of December 31, 2011	Possible utilization	Available amount	for purchase of own shares	for share capital increase	for dividend distribution and income
Share capital	986			(2)		
Earnings reserves:						
Legal reserve	200	B	-			
Stock option reserve	785	A,B,C	785	(1,849)		
Retained earnings	565	A,B,C	565	1,495	-	(35,463)
Net income	11,118	A,B,C	11,118			
Total shareholders' equity	**13,654**		**12,468**			
Not available for distribution			785			
Remaining distributable amount			11,683			

Legend:
A: for share capital increases
B: for the offsetting of losses
C: for distribution to shareholders

NON-CURRENT LIABILITIES

11. Long-term borrowings

The following table presents the details of the item:

(euro thousand)	As of December 31, 2011	December 31, 2010
Bank borrowings	5,685	1,352
1 - 5 years	3,545	1,352
More than 5 years	2,140	-
Total long-term borrowings	**5,685**	**1,352**

Bank borrowings refer to loan contracts entered in 2006 with Intesa Sanpaolo S.p.A. and in 2011 with Cariparma S.p.A..

The book value of the financial liabilities represents their fair value.

Loan from Intesa Sanpaolo S.p.A.

The repayment schedule is as follows:

(euro thousand)	As of December 31, 2011	December 31, 2010
- between one and two years	685	669
- between two and three years	-	683
Total	**685**	**1,352**

With regards to the loan granted from Intesa Sanpaolo S.p.A. the Group is obliged to comply with the following financial covenants with reference to the consolidated financial statements: i) net financial position not higher than EBITDA multiplied by 2 for 2006 and 2007, and by 2.5 for the subsequent years; and ii) shareholders' equity not lower than Euro 4,000 thousand. It should be noted that the calculation method used for determining net financial position as per the agreement with Intesa Sanpaolo S.p.A. is different from that used for the net financial position as presented above. The Company has complied with such parameters since the signing of the contract.

Loan from Cariparma S.p.A.

The loan granted by Cariparma S.p.A. is repayable in 14 semi-annual installments of principal and interest, with the exception of the first four installments which are interest only. The repayment schedule is as follows:

(euro thousand)	As of December 31, 2011
- between one and two years	-
- between two and three years	910
- between three and four years	952
- between four and five years	998
- more than five	2,140
Total	**5,000**

With regards to the loan with Cariparma S.p.A. the Group is obliged to comply with the following financial covenants, with reference to the consolidated financial statements for the financial years ended during the term of the contract: i) consolidated shareholders' equity higher than Euro 10,000 thousand; ii) consolidated net financial position lower than the most value of consolidated EBITDA multiplied by 3 and Euro 10,000 thousand. The Company has complied with such parameters since the signing of the contract.

12. Defined benefit program liabilities

The following table presents the situation of the item:

	As of	
(euro thousand)	December 31, 2011	December 31, 2010
Employees' termination benefits	82	52
Directors' termination benefits	37	27
Total defined benefit program liabilities	**119**	**79**

The economic and demographic assumptions used for the actuarial determination of the defined benefit program liabilities are provided below for the years ended December 31, 2011 and 2010:

	As of December 31, 2011	As of December 31, 2010
ECONOMIC ASSUMPTIONS		
Inflation rate	2%	2%
Discount rate	4.6%	4.6%
Salary growth rate	3%	3%

DEMOGRAPHIC ASSUMPTIONS	
Expected mortality rate	2002 ISTAT data on the Italian population split by gender.
Expected invalidity rate	Data split by sex, driven by the INPS model and projected to 2010. Expectations are constructed using the age and gender of the living pensioners at January 1, 1987 beginning from 1984, 1985, 1986 for the personnel of the credit sector.
Expected termination rate	A rate of 15% p.a. has been applied.
Expected retirements	It is expected that employees will reach the pensionable age provided within local laws
Expected early repayment rate	A rate of 3% p.a. has been applied.

With reference to directors' termination benefits, they were provided only for the executive directors and they are calculated, referring to their annual compensations, according with the provisions of article 2120 of the civil code.

13. Other liabilities

The item represents the liability for a forward purchase of a minority interest stake of cercassicurazioni.it S.r.l., equal to 6% of the capital of the subsidiary, deriving from the agreement for put and call options a the minority shareholders.

According to the applicable accounting principles (IAS 32), the existence of these options implies the identification of a term purchase contract with a defined price and, therefore, a liability for the Group.

The liability derives from an agreement signed with a minority shareholder of cercassicurazioni.it S.r.l., who obtained from the Group a put option on his stake; at the same time the minority shareholder granted a call option for the same stake to the Group. The option is exercisable at the same price during the period from January 1, 2014 to June 30, 2014. The fair-value measurement of this option, granted in the financial year ended December 31, 2010, has determined as of December 31, 2011 an expense of Euro 26 thousand, recognized in the income statement among financial expenses.

The liability deriving from this option was initially measured at fair value and recorded between the "Financial assets available for sale".

CURRENT LIABILITIES

14. Short-term borrowings

Short-term borrowings include the liability for the use of the credit line granted by Intesa Sanpaolo S.p.A., for an amount equal to Euro 2,000 thousand, and the current portion of financial loan obligations, including interest accruals for the period, for an amount equal to Euro 678 thousand as of December 31, 2011.

The Group used the above credit line starting from July 15, 2011 for a term of 12 months with an applicable interest rate equal to 12-month Euribor + 0.60%.

Finally, it is worth highlighting that the increase of the item as of December 31, 2011, compared to the previous year is due to the increase of financial debts with subsidiaries deriving from the Group's cash pooling services managed by the Issuer, for which please refer to the Note 26.

15. Trade and other payables

The amount of the item is equal to Euro 1,028 thousand (Euro 742 thousand as of December 31, 2010) and includes payables to suppliers, as well as and payables to subsidiaries for interests accrued within cash pooling for Euro 420 thousand.

16. Current tax liabilities

This item includes the liability for current tax (IRES). The liability as of December 31, 2011 equal to Euro 2,382 thousand, represents the liability accrued by the Group on consolidated basis, participating, in its capacity of holding company, to the Italian tax consolidation regime together with subsidiaries MutuiOnline S.p.A., Centro Istruttorie S.p.A., CreditOnline Mediazione Creditizia

S.p.A., Centro Finanziamenti S.p.A., PP&E S.r.l., Effelle Ricerche S.r.l., Centro Perizie S.r.l. and cercassicurazioni.it S.r.l.. It is worth highlighting that the amount recorded in the income statement is net of withholding taxes incurred by subsidiaries of the Group and of the advances paid over 2011.

No regional income taxes ("IRAP") are due as of December 31, 2011, as the Company has closed with a tax loss for IRAP purposes.

17. Other current liabilities

The following table presents the situation of the item:

(euro thousand)	As of December 31, 2011	December 31, 2010
Liabilities to subsidiaries	215	476
Liabilities to personnel	88	28
Social security liabilities	56	28
Social security liabilities on behalf of employees	64	50
Accruals and prepayments	17	90
Total other liabilities	**440**	**672**

18. Stock option plan

In addition to the allotments of stock options resolved in the previous years, on February 28, 2011 the Company's executive committee resolved a further allotment of stock options to certain employees of the Group, according to the rules of the stock option plan approved by the shareholders' meeting on November 9, 2010, at an exercise price of equal to Euro 4.857 per option.

The recognition of the stock option plan was based on the Black, Scholes and Merton model for valuation of options using the following parameters:

Risk-free interest rate (%)	2.55%
Maturity (years)	6
Implicit volatility (%)	40%
Dividend yield	6.88%

On October 10, 2011 the Company's executive committee resolved a further allotment of stock options to certain employees of the Group at an exercise price of equal to Euro 4.01 per option.

The recognition of the stock option plan was based on the Black, Scholes and Merton model for valuation of options using the following parameters:

Risk-free interest rate (%)	0.92%
Maturity (years)	6
Implicit volatility (%)	35%
Dividend yield	8.63%

The parameters used for the valuation of options granted during the financial year ended December 31, 2011 refer to data collected at the same date of the allotment of the options and refer to the most recent economic/financial variables.

Summary for the financial year ended December 31, 2011

The following table summarizes the variation of the stock options for the benefit of the executive directors and certain employees of the Issuer during the year:

Stock options as of January 1, 2011	2,732,500
Stock options offered in 2011	-
Stock option not vested after the resignations in 2011	(3,000)
Stock option exercised in 2011	(4,000)
Stock options as of December 31, 2011	2,725,500
(of which) vested in 2011	*1,823,500*

The following table presents the outstanding stock options for the benefit of the executive directors and certain employees of the Issuer as of December 31, 2011:

Data shareholders' meeting resolution	Date of assignment	Maturity date	Expiry date	# options	Strike price
February 9, 2007	June 6, 2007	June 6, 2010	June 5, 2013	1,560,000	7.500
February 9, 2007	July 9, 2007	July 9, 2010	July 8, 2013	52,000	7.500
February 9, 2007	July 9, 2007	July 9, 2010	July 8, 2013	10,000	6.200
February 9, 2007	February 11, 2008	February 11, 2011	February 10, 2014	1,500	3.800
February 9, 2007	May 7, 2009	January 1, 2010	December 31, 2012	200,000	4.500
November 9, 2010	November 22, 2010	November 22, 2013	November 21, 2016	800,000	5.196
November 9, 2010	December 16, 2010	December 16, 2013	December 15, 2016	102,000	5.126
			Totale opzioni	**2,725,500**	

The weighted average price of the shares for the year ended December 31, 2011 was equal to Euro 4,295.

Personnel costs in the year ended December 31, 2011 include Euro 309 thousand related to the stock option plan for the benefit of the executive directors and certain employees of the Issuer.

Personnel costs in the year ended December 31, 2010 include Euro 264 thousand related to the stock option plan for the benefit of the executive directors and certain employees of the Issuer.

NOTES TO THE MAIN ITEMS OF THE INCOME STATEMENT

19. Revenues

The revenues of the year are completely accrued from subsidiaries. They include the dividends resolved by the subsidiaries during the year and the fees for direction and coordination services performed by the Company in favor of its subsidiaries, for an amount equal to Euro 320 thousand.

The following table presents the dividends resolved by the subsidiaries during the years ended December 31, 2011 and 2010:

(euro thousand)	Years ended December 31, 2011	December 31, 2010
Dividend from MutuiOnline S.p.A.	6,500	7,500
Dividend from CreditOnline Mediazione Creditizia S.p.A.	3,000	4,879
Dividend from Centro Istruttorie S.p.A.	1,020	-
Dividend from Centro Finanziamenti S.p.A.	1,278	1,786
Dividend from Finprom S.r.l.	1,741	1,556
Total dividends deliberated by subsidiaries	**13,539**	**15,721**

20. Services costs

(euro thousand)	Years ended December 31, 2011	December 31, 2010
Communication expenses	(848)	(1,004)
Technical, legal and administrative consultancy	(570)	(386)
Rental and lease expenses	(135)	(133)
Other general expenses	(244)	(193)
Total services costs	**(1,797)**	**(1,716)**

Communication expenses include costs incurred for institutional communication and to increase the notoriety of the Company and of its activity.

21. Personnel costs

The following table presents the details of the item for the financial years ended December 31, 2011 and 2010:

(euro thousand)	Years ended December 31, 2011	December 31, 2010
Wages and salaries	(541)	(316)
Directors' compensation	(254)	(261)
Social security contributions	(141)	(93)
Defined benefit program liabilities	(41)	(33)
Stock option expenses	(310)	(264)
Other costs	(15)	(10)
Total personnel costs	**(1,302)**	**(977)**

The average headcount as of December 31, 2011 and 2010 is as follows:

categories	2011 Average number	2010 Average number
Managers	1	1
Supervisors	1	1
Employees	12	9
Total	**14**	**11**

The Company applies the collective labor agreement of the commerce sector.

22. Financial income and expenses

The following table presents the details of the item for the financial years ended December 31, 2011 and 2010:

(euro thousand)	Years ended December 31, 2011	December 31, 2010
Financial income	338	235
Interest expense	(519)	(198)
Net financial loss	**(181)**	**37**

23. Income tax expense

With respect to corporate income tax, in the financial year ended December 31, 2011, the Company registered a taxable loss, due to the not taxability of 95% of the dividends received during the year, which, because of the adhesion to the tax consolidation regime, generates a tax benefit equal to Euro 612 thousand, whose financial counterbalance offsets current tax liabilities.

Because of the deferred tax of some revenues and tax deductibility of some costs compared to their accrual, during the year ended December 31, 2011 the provision for deferred tax assets has been reduced by Euro 35 thousand.

No regional income taxes (IRAP) are due.

24. Tax consolidation

As mentioned above, the coordination activity is reflected in the participation of the Issuer, in its capacity of holding company, to the Italian tax consolidation regime, as provided by article 117 and following of presidential decree 917/1986. All the Italian subsidiaries as of December 31, 2011 participate, also indirectly, in the tax consolidation regime, except Quinservizi S.p.A. and Key Service S.r.l..

The net consolidated tax payables amount to Euro 2,382 thousand and are recorded in the statement of financial position among "Current tax receivables":

(euro thousand)	Assets	Liabilities
Gruppo MutuiOnline S.p.A.	652	-
MutuiOnline S.p.A.	-	4,431
CreditOnline Mediazione Creditizia S.p.A.	-	963
Centro Istruttorie S.p.A.	-	1,534
Centro Finanziamenti S.p.A.	-	359
PP&E S.r.l.	-	30
Effelle Ricerche S.r.l.	-	26
cercassicurazioni.it S.r.l.	476	
Centro Perizie S.r.l.	39	-
Consolidated advances	3,794	-
Total assets and liabilities	**4,961**	**7,343**
Total net assets and liabilities		**2,382**

25. Benefits to the managers with strategic responsibilities, members of the governing and controlling bodies and auditors

The total cost for the Company of compensations paid to executive directors is equal to Euro 532 thousand, of which Euro 274 thousand for stock option expenses.

The compensation to the statutory auditors amounts to Euro 17 thousand.

The fees paid to the independent auditors by the Company and its subsidiaries for their auditing activities for the financial year ended December 31, 2011 are equal to Euro 61 thousand.

26. Related parties

Related party transactions, including intra-group transactions, are part of the ordinary business operations of the Group, and do not include any unusual or atypical transactions.

The following tables details the transactions and balances with related parties:

(euro thousand)	Relationship	As of December 31, 2011	December 31, 2010
Trade receivables			
MutuiOnline S.p.A.	Subsidiary	24	22
CreditOnline Mediazione Creditizia S.p.A.	Subsidiary	24	22
Centro Istruttorie S.p.A.	Subsidiary	26	32
Centro Finanziamenti S.p.A.	Subsidiary	24	22
PP&E S.r.l.	Subsidiary	87	24
Centro Perizie S.r.l.	Subsidiary	144	-
Effelle Ricerche S.r.l.	Subsidiary	48	-
Total trade receivables from related parties		**377**	**122**
Trade and other payables			
MutuiOnline S.p.A.	Subsidiary	250	74
CreditOnline Mediazione Creditizia S.p.A.	Subsidiary	138	41
Centro Istruttorie S.p.A.	Subsidiary	17	-
Centro Finanziamenti S.p.A.	Subsidiary	13	8
PP&E S.r.l.	Subsidiary	-	58
Effelle Ricerche S.r.l.	Subsidiary	2	-
Total trade and other payables to related parties		**420**	**181**
Other current assets			
MutuiOnline S.p.A.	Subsidiary	10,931	10,021
CreditOnline Mediazione Creditizia S.p.A.	Subsidiary	3,963	6,362
Centro Istruttorie S.p.A.	Subsidiary	2,554	501
Centro Finanziamenti S.p.A.	Subsidiary	1,636	2,078
PP&E S.r.l.	Subsidiary	30	59
Centro Perizie S.r.l.	Subsidiary	5,090	540
Effelle Ricerche S.r.l.	Subsidiary	26	-
Total other current assets from related parties		**24,230**	**19,561**
Other current liabilities			
Centro Perizie S.r.l.	Subsidiary	38	-
cercassicurazioni.it S.r.l.	Subsidiary	177	476
Total other current liabilities to related parties		**215**	**476**
Cash and cash equivalent			
Centro Istruttorie S.p.A.	Subsidiary	-	282
PP&E S.r.l.	Subsidiary	1,328	1,382
Total cash and cash equivalent with related parties		**1,328**	**1,664**
Short-term borrowings			
MutuiOnline S.p.A.	Subsidiary	21,036	18,388
CreditOnline Mediazione Creditizia S.p.A.	Subsidiary	9,592	10,266
Centro Istruttorie S.p.A.	Subsidiary	2,829	-
Centro Finanziamenti S.p.A.	Subsidiary	392	1,346
Effelle Ricerche S.r.l.	Subsidiary	835	-
Total short-term borrowings with related parties		**34,684**	**30,000**

The other current assets and liabilities as of December 31, 2011, refer to trade receivables and receivables from subsidiaries for the participation to the tax consolidation regime and to receivables for dividends resolved by subsidiaries but not yet paid, and also to receivables for an inter-company loan to Centro Perizie S.r.l..

The treasury of the Italian companies of the Group, except cercasssicurazioni.it S.r.l., Quinservizi S.p.A., Key Service S.r.l. and Centro Perizie S.r.l. is centrally managed by the Issuer. The financial operations displayed refer to debit and credit balances of the cash pooling accounts of the subsidiaries with the Issuer as of December 31, 2011.

(euro thousand)	**Relationship**	**Years ended December 31, 2011**	**December 31, 2010**
Revenues			
MutuiOnline S.p.A.	Subsidiary	6,520	7,518
CreditOnline Mediazione Creditizia S.p.A.	Subsidiary	3,020	4,897
Centro Istruttorie S.p.A.	Subsidiary	1,040	18
Centro Finanziamenti S.p.A.	Subsidiary	1,298	1,804
PP&E S.r.l.	Subsidiary	60	18
Centro Perizie S.r.l.	Subsidiary	140	-
Effelle Ricerche S.r.l.	Subsidiary	40	-
Finprom S.r.l.	Subsidiary	1,741	1,556
Total revenues from related parties		**13,859**	**15,811**
Services costs			
PP&E S.r.l.	Subsidiary	48	48
Total services costs from related parties		**48**	**48**
Financial income			
Centro Istruttorie S.p.A.	Subsidiary	1	10
PP&E S.r.l.	Subsidiary	14	4
Total financial income from related parties		**15**	**14**
Financial expenses			
MutuiOnline S.p.A.	Subsidiary	250	74
CreditOnline Mediazione Creditizia S.p.A.	Subsidiary	138	42
Centro Istruttorie S.p.A.	Subsidiary	17	-
Centro Finanziamenti S.p.A.	Subsidiary	13	8
PP&E s.r.l.	Subsidiary	2	-
Total financial expenses from related parties		**420**	**124**

The revenues for the year ended December 31, 2011 mainly refer to dividends declared by the subsidiaries and, for the residual, to fees for direction and coordination services invoiced by the Issuer to its subsidiaries.

Services costs are related to office residence services provided by PP&E S.r.l..

Financial incomes and expenses with related parties are related to interests accrued during the financial year ended December 31, 2011 on the cash pooling accounts.

In the financial year ended December 31, 2011 we do not identify any other related parties translations.

27. Subsequent events

There are no major subsequent events as of December 31, 2011.

Milan, March 14, 2012

For the Board of Directors
The Chairman
(Ing. Marco Pescarmona)

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
pursuant to art. 123-bis of the Consolidated Law on Finance

(traditional model of administration and control)

Issuer: Gruppo MutuiOnline S.p.A.
Website: www.gruppomol.it

Financial year of reference: 2011
Date of approval of the report: March 14, 2012
Date of publication of the report: March 30, 2012

5. REPORT ON CORPORATE GOVERNANCE AND COMPANY STRUCTURE

GLOSSARY

Articles of Association: articles of association and bylaws of the Issuer, published also on the website of the Issuer, in section "Governance", "Articles of association and company bylaws".

Board or **Board of Directors**: the Board of Directors of the Issuer.

Board of Statutory Auditors: statutory auditors of the Issuer.

Code/ Code of Conduct: the Code of Conduct for listed companies approved in March 2006 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A..

Code 2011/ Code of Conduct 2011: the Code of Conduct for listed companies approved in December 2011 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime e Confidustria.

CONSOB: National Commission for Companies and Stock Exchange.

CONSOB Issuer Regulations: the regulations adopted by CONSOB with resolution no. 11971 in 1999 (and subsequent amendments) pertaining the discipline of issuers.

CONSOB Market Regulations: the regulations adopted by CONSOB with resolution no. 16191 in 2007(and subsequent amendments) pertaining the discipline of markets.

CONSOB Regulations on Related Parties: the regulations adopted by CONSOB with resolution no. 17221 on March 12, 2010 (and subsequent amendments) pertaining the discipline of related parties.

Consolidated Law on Finance or **TUF** (*Testo Unico della Finanza)*: legislative decree no. 58 of February 24, 1998 (and subsequent amendments).

Financial year: the relevant financial year of the Report.

Group: the companies belonging to the group of the Issuer.

Instructions accompanying Markets Rule: Instructions accompanying the Rules of the Markets organized and managed by the Italian Stock Exchange.

Issuer or **Company**: Gruppo MutuiOnline S.p.A., with registered office at via F. Casati 1/A, Milan.

Italian Stock Exchange: Borsa Italiana S.p.A..

Market Regulations: the regulations of the markets organized and managed by the Italian Stock Exchange.

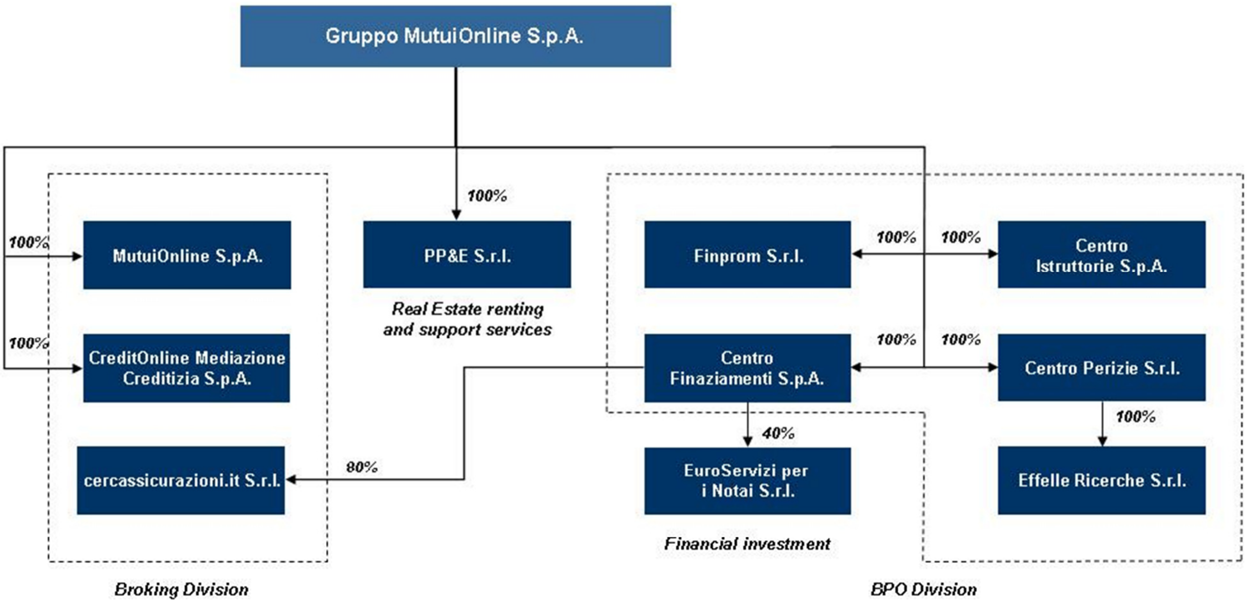
Report: the report on corporate governance and company structure that companies are required to prepare pursuant to article 123-bis of TUF,.

1. PROFILE OF THE ISSUER

The Issuer is the holding company of a group of financial services firms operating in the Italian market *(i)* for the distribution of retail credit and insurance products *(ii)* and in the Italian market for the provision of credit-related business process outsourcing services for retail lenders (the "**Group**").

More specifically, the Group is today one of the leading online retail credit (www.mutuionline.it, www.prestitionline.it and www.confrontaconti.it websites) and insurance brokers (www.cercassicurazioni.it website) and is one of the major providers of credit-related outsourcing services to lenders in Italy.

This is the organizational structure of the Group:



The companies indicated above are all based in Italy, except Finprom S.r.l. which is a company incorporated under Romanian law.

The Issuer is organized according to the traditional model of administration and control as per articles 2380-*bis* and following of the civil code, which provides for the shareholders' meeting, the Board of Directors and the board of statuary auditors. The Company adheres to the Code of Conduct.

2. INFORMATION ON OWNERSHIP STRUCTURE AS OF DECEMBER 31, 2011

2.1. Structure of share capital

The company has a fully paid up share capital of Euro 1,000,000.00 composed of 39,511,870 ordinary shares without nominal value.

The shares are listed on the STAR Segment of the *Mercato Telematico Azionario* (**MTA**), the Italian screen-based trading system organized and managed by the Italian Stock Exchange. Please refer to **Error! Reference source not found.** in the appendix for the structure of share capital.

Except what follows, the Company has not issued other financial instruments that give the right to subscribe for new shares.

On November 9, 2010, the shareholders' meeting approved a stock option plan for the benefit of certain directors, employees and other personnel of the Group, which is added to the stock option plan approved on February 9, 2007. For more information on stock option plans outstanding as of December 31, 2011 please refer to the disclosure documents prepared pursuant to article 84-bis of the Issuer Regulations deposited at the Company's registered office and published on the website of the Company www.gruppomol.it in the section "Governance", "Other documents" "2011". Please refer also the explanatory notes attached to the Financial Statements for the financial year ended December 31, 2011 and to remuneration report prepared pursuant to article 123-*ter* of TUF and article 84-*quater* of the Issuers' Regulations.

2.2. Restrictions to the transfer of shares

There are no restrictions to the transfer of shares.

2.3. Significant shareholders

As of December 31, 2011, according to the communications received pursuant to article 120 of TUF, the list of shareholders who hold directly or indirectly at least two percent of the ordinary share capital, is presented in appendix in Table 1

on relevant shareholdings.

It is worth pointing out that there are no controlling shareholders.

Besides, it is worth pointing out that Marco Pescarmona, Chairman of the Board of Directors, holds a 50% indirect shareholding in Alma Ventures S.A. (through Guderian S.r.l.) and Alessandro Fracassi, Chief Executive Officer, holds a 50% indirect shareholding in Alma Ventures S.A. (through Casper S.r.l.).

As of December 31, 2011, the Group's companies held in total 2,213,022 shares of the Issuer, of which 516,500 shares were directly held by the Issuer, 1,500,500 shares were held by subsidiary MutuiOnline S.p.A. and 151,522 shares were held by subsidiary Centro Istruttorie S.p.A., for a total equal to 5.601% of ordinary share capital. These shares, as provided by law, do not give voting rights at the shareholders' meeting.

Finally, as of the date of approval of the present Report, the shareholder Frankurter Aktienfonds für Stiftungen holds 2.09% of ordinary share capital, as reported to CONSOB and to the Issuer on January 23, 2012 pursuant to article 120 of TUF.

2.4. Shares that confer special rights

The Company has not issued shares that confer special controlling rights or special powers assigned to the securities.

2.5. Employee shareholding plan: procedure for the exercise of voting rights

There is no procedure for the exercise of voting rights for employees.

2.6. Restrictions to voting rights

There are no restrictions to voting rights.

2.7. Shareholders' agreements

As of the date of approval of the present Report, the issuer is not aware of any shareholders agreements.

2.8. Change of control clauses

The Issuer and its subsidiaries have not stipulated any significant agreements which become effective, are modified or expire in case of change in the control of the contracting company.

The Articles of Association of the Issuer does not contain exceptions on the passivity rule as provided for by article 104, paragraphs 1 and 2, of TUF and does not require the application of the breakthrough rule as per article 104-*bis*, paragraphs 2 and 3, of TUF.

2.9. Delegations of the power to increase share capital and authorizations to buy own shares

During the financial year the board has not been delegated with the power to increase share capital pursuant to article 2443 of the Italian civil code or to issue participatory financial instruments.

On November 9, 2010, the shareholders' meeting revoked, for the unused portion, the previous authorization for the purchase and sale of own shares dated April 22, 2010 and authorized the Board of Directors to purchase and dispose own shares, also by means of subsidiaries of the Issuer,, with the following purposes:

i. for activities in support of market liquidity;

ii. for the eventual use of shares as compensation in extraordinary transactions, including exchange of participations with other subjects, as part of transactions in the Company's interest;

iii. to allot own shares purchased to distribution programs, against payment or free of charge, of stock options or shares to employees, directors and other personnel of the Company or its subsidiaries, as well as for the service of programs for the free allocation of shares to shareholders;

iv. for the execution of the contract signed between the Issuer and "Equita SIM S.p.A.", for its role as specialist on the stock market;

v. for an efficient investment of the liquidity of the Group.

The authorization for the purchase of own shares approved on November 9, 2010 was granted for the maximum limit permitted by the currently applicable law (twenty percent of the ordinary share capital), pursuant to articles 2357 and 2357-*ter* of the civil code, taking into account own shares already held by the Company and the shares of the Issuer held by its subsidiaries.

The authorizations for the purchase of own shares have been granted for a period of 18 (eighteen) months from the date of the shareholder's meeting, whereas the authorization for the disposal has an unlimited duration.

As of December 31, 2011 the companies of the Group held a total of 2,213,022 shares, and as of the date of approval of the present Report, the total number of shares held by the companies of the Group is the same, divided as follows:

Shareholder company	Shares held as of December 31, 2011	Shares held as of March 14, 2012	Date of the last authorization of the shareholders' meeting
Gruppo MutuiOnline S.p.A.	561,500	561,500	November 9, 2010
MutuiOnline S.p.A.	1,500,000	1,500,000	May 20, 2011
Centro Istruttorie S.p.A.	151,522	151,522	April 24, 2008
Total	**2,213,022**	**2,213,022**	

2.10. Management and coordination activity

The Company is not subject to management and coordination activities by any other company or entity pursuant to articles 2497 and the following of the civil code.

With reference to the further information pursuant to article 123-bis of the TUF we specify that:

- for information on eventual agreements between the Company and the directors which provide for indemnities in case of resignation or dismissal without just cause or if their charge is terminated due to a takeover bid (article 123-*bis,* paragraph 1, letter i)), please refer to the remuneration report published pursuant to article 123-*ter* of TUF and to article 84-*quater* of the Issuers' Regulations*;*

- for information on the rules applicable for the appointment and replacement of directors as well as statutory changes (article 123-*bis*, paragraph 1, letter 1)), please refer to the following paragraph 4.1;

3. COMPLIANCE

The Company has adopted the Code of Conduct, publicly available on the website of the Italian Stock Exchange (www.borsaitaliana.it).

Neither the Issuer nor any of its subsidiaries of a certain strategic relevance are subject to non-Italian laws that affect the corporate governance structure of the Issuer.

4. BOARD OF DIRECTORS

4.1. Appointment and replacement of directors and modifications of bylaws

The Company is led by a Board of Directors composed of a minimum of seven members to a maximum of twelve members. The ordinary shareholders' meeting decides, at the moment of appointment, the duration of the office, which cannot exceed three financial years; the mandate of the directors expires on the date of the shareholders' meeting called for the approval of the financial statement of the last financial year of their office. Directors are eligible for re-election.

Acceptance of office as director is subject to the fulfillment of the requirements provided by the law, the Articles of Association and any other applicable provisions.

Article 16, paragraph 14 of the Articles of Association provides that, if not otherwise authorized by the Board, an individual cannot be appointed director of the Company and, if appointed, will lose the office, if he/she:

i. is, when appointed, more than seventy years old;

ii. has not obtained a total of at least three years' experience in the performance of accounting or controlling activities in corporations, professional activities or permanent university teaching in economic, financial, legal or technical/scientific subjects pertinent to the Company's business activities;

iii. exercises a competing activity on his/her own or for others, or is a director, general manager or executive in competitor companies or clients of the Company, or has been such in the previous biennium; or

iv. is director, general manager or executive in companies recorded in the Register of Banks, pursuant to article 13 of Law Decree 385/1993.

It is also worth highlighting that, since the Issuer is admitted to trading on the MTA, STAR Segment, in order to maintain the status it must have in its Board of Directors an adequate number of independent directors and, therefore, comply with the criteria of Article IA.2.10.6 of the Instructions of the Stock Exchange Regulations which provide for: at least 2 independent directors for boards up to 8 members; at least 3 independent directors for boards with between 9 and 14 members; at least 4 independent directors for boards with more than 14 members. In addition, in the new Code of Conduct approved in December 2011, the criteria 3.C.3 recommends that at least one-third of the Board of Directors are independent directors.

In accordance with article 16, paragraph 5 of the Articles of Association, each list must contain and expressly indicate the candidates as independent directors, referring both the number of candidates to be elected and the independence requirements established for the statutory auditors by article 148, paragraph 3 of Law Decree 58/1998, in addition to the independence requirements established by the Code of Conduct.

Article 16, paragraphs 2 and 3 of the Articles of Associations also provides a voting system for the appointment of the governing body based on lists submitted by shareholders who, alone or together with others, hold a stake at least equal to that established by CONSOB Issuers' Regulation. It is worth pointing out that on January 25, 2012, CONSOB, with resolution n. 18083, resolved the maximum shareholding thresholds required for the submission of the lists of candidates for the elections of the governing and controlling bodies of the Companies whose financial year ended on December 31, 2011; as the market capitalization is less than Euro 375 million, the free float is superior than 25% of the ordinary share capital and the majority stake is less than 50% of the share capital, the Issuer has identified a shareholding threshold of 4.5% of the shares with voting rights in the shareholders' meeting.

Any shareholder, as well as the shareholders adhering a shareholders' agreement pursuant to article 122 of TUF, and also the controlling entity, the subsidiary companies and those which are subject to common control pursuant to article 93 of TUF, may not submit or take part in the submission of, even through a third party or trust company, more than one list, nor they can vote for different lists. Adherence to a lists or votes expressed in violation of these prohibitions shall not be assigned to any list.

The lists submitted by the shareholders must be filed at the registered office at least twenty five days before the date set for the shareholders' meeting in first call, together with the documents required by the Articles of Association, among which a resume of the candidates included in the list.

The election of the directors proceeds as follows:

i. from the list that has obtained the highest number of votes at the shareholders' meeting, all candidates except one, among which three independents or, if the directors to be elected are less than nine, two independents; within such numerical limit, the candidates are elected according to their progressive order in the list;

ii. from the list that has obtained the second highest number of votes at the shareholders' meeting and is not connected to the first, the first candidate of such list.

If the two first lists obtain the same number of votes, the shareholder's meeting proceeds with a new election, by voting only for the first two lists.

In the event of submission of a single list, all the candidates in that list will be elected. In the case no list is submitted, the shareholders' meeting will appoint the Board of Directors as provided by the law.

If during the financial year one or more directors cease to hold the office, for any reason, the Board of Directors will act pursuant to article 2386 of the civil code and pursuant to article 16 of the Articles of Association.

In particular, if the director or the directors that ceased to hold office were taken from a list that contained also non-elected candidates, the Board of Directors will make the replacement appointing from the same list of the directors who ceased to hold office, based on the progressive order, persons who are still eligible and willing to accept the office. The shareholders' meeting deliberates, with the majority required by law, in accordance with such principles.

If the person who ceases to hold office is an independent director, the replacement will occur, as far as possible, by appointing the first of the non-elected independent directors from the same list in which the director that ceases to hold office was elected. The shareholders' meeting deliberates, with the majority required by law, in accordance with such principles.

If there is a lack of previously non-elected candidates from that list, the Board of Directors shall replace the directors no longer in office, without compliance to such provisions, pursuant to article 2386 of the civil code, and will guarantee, when it is an independent director that ceases to hold office, the minimum number of independent directors required under the applicable law. The shareholders' meeting decides, with the majority required by law, in accordance with such principles.

Finally, article 16, paragraph 13 of the Articles of Association provides that if the majority of directors cease to hold office, the whole Board of Directors will be considered revoked and a shareholders' meeting should be called immediately for the appointment of new directors.

Presently, the Issuer has not adopted any explicit succession planning in view of the substantial short-term interchangeability of the executive directors Marco Pescarmona and Alessandro Fracassi. In fact, if one of the directors ceases to hold office the remaining executive director would be in able to ensure continuity for the management of both Divisions, relying on a solid first line of management, capable of supervising the ordinary activities during the necessary time for the research and the placement of one or more senior managerial figures capable to contribute at a strategic level to the management of the Group. Of course that, in the very unlikely case, when both executive directors cease to hold office, the Board of Directors has the duty to identify an appropriate solution, without relying on pre-established plans.

4.2. Composition

The current Board of Directors appointed by the shareholders' meeting of April 21, 2011, in which only one list of candidates was submitted, proposed by shareholder Alma Ventures S.A., and will remain in charge until the approval of the financial statement for the year ended December 31, 2013. The list of candidates belonging to that list received a favorable vote by 99.273% of the shareholders present, representing 76.739% of the share capital.

Currently, the Board of Directors consists of 10 members. The members in office as of December 31, 2011 are shown in **Error! Reference source not found.**, in appendix, concerning the structure of the Board and committees, as well as the attendance rate to the meetings.

As regards the personal and professional characteristics of each director, please refer to their curriculum published on the Issuer's website www.gruppomol.it, in the "Governance" section, "Shareholders' meeting and Company governance" "2011".

There are no directors that have ceased to hold office after December 31, 2011.

Maximum number of offices held in other companies

The Board did not define any general criteria about the maximum number of offices held as director or auditor in other companies, that could be considered compatible with an efficient performance as director of the Issuer, taking into account the duty of each director to assess the compatibility of any office held as director or statutory auditor in other companies listed in regulated markets, in financial, banking, insurance or other large companies, with a diligent performance of their tasks as director of the Issuer.

As regards the offices held, during the financial year, by the directors of the Issuer in other listed companies, in financial, banking and insurance companies or in large companies, please refer to **Error! Reference source not found.** in the appendix.

4.3. Role of the Board of Directors

During 2011, the current Board of Directors met 5 times for an average of about two hours and thirty minutes for each meeting. At all meetings attended at least one member of the Board of Statutory Auditors and Francesco Masciandaro, Chief Financial Officer of the Issuer.

For 2012 there are 4 scheduled meetings for the approval of the periodic financial reports. As of the date of approval of this Report one of the meetings scheduled for 2012 has already been held, for the approval of the draft statutory financial statements for the financial year ended on December 31, 2011.

The members of the Board of Directors are provided, in proper manner and time, with the documentation and information necessary for decision-making. The documentation is usually send by e-mail some days ahead.

The Board of Directors plays a central role within the corporate organization and has the task and responsibility of determining strategy and organization, as well as verifying the existence of the controls required for the monitoring of the operations of the Company and the of Group.

Each member of the Board of Directors is required to act with full knowledge of the facts and autonomously, with the purpose of creating value for shareholders, and is committed to devoting to the office covered in the Company the necessary time in order to ensure the diligent performance of his or her functions, regardless of the positions held outside of the Issuer, being aware of the responsibilities of the office held.

Pursuant to article 17 of the Articles of Association, the Board of Directors is invested with all powers for the management of the Company and to this purpose it may act or take any actions that will consider necessary or useful for the implementation of the business purpose, with the exception of the matters exclusively reserved to the shareholders' meeting by the law and by the Articles of Association.

Under the same statutory provisions, the Board is also empowered to take, pursuant to article 2436 of the civil code, decisions regarding:

i. merger and demerger resolutions in the cases pursuant to articles 2505, 2505-*bis* and 2506-*ter*, last paragraph of the civil code;

ii. the constitution or suppression of secondary offices in Italy or abroad;

iii. the reduction of capital upon termination of shareholders;

iv. adaptation of the Articles of Association to regulatory provisions;

v. the transfer of the registered office in the national territory;

vi. the indication of the delegated directors; the appointment of one or more general managers and the assignment of powers;

vii. the other powers reserved to it by the law or by the Articles of Association.

The Board of Directors has the general power of direction and control over the activities of the Company and on the management of the business. In particular it:

i. examines and approves the financial, industrial and strategic plans of the Company and of the Group;

ii. evaluates and approves the annual budget of the Company and of the Group;

iii. examines and approves transactions - including investments and divestments - which, by their nature, strategic importance, size or by the commitments they might imply, have a large impact on the activities of the Group;

iv. verifies the adequacy of the organizational and general management structure of the Company and the Group;

v. drafts and adopts the regulations of the Company's corporate governance and sets out the guidelines of governance of the Group;

vi. constitutes the supervisory body pursuant to the legislative decree n. 231 of June 8, 2001;

vii. assigns and revokes the powers of the directors and to the executive committee, if constituted, setting the limits, the exercise and the time interval, normally not exceeding three months, by which the delegated bodies must report to the Board about the activity done during the exercise of the powers delegated to them;

viii. determines the duties and the powers of the general managers, if appointed;

ix. determines, after examining the proposals of the relative committee and consulting the Board of Statutory Auditors, the remuneration of the CEO and of the directors who hold particular offices and, if the shareholders' meeting has not defined it, the breakdown of the total remuneration due to any members of the Board and committees;

x. supervises the general business management, with particular attention to conflicts of interest, taking into account, in particular, the information received from the CEO, from the executive committee, if established, and from the Committee for Internal Control and for Corporate Governance, and comparing periodically the results achieved with those planned;

xi. evaluates and approves the periodic reports as provided by the law;

xii. exercises all the other powers assigned by law and by the Articles of Association.

At each Board meeting, the members of the executive committee shall inform the Board in detail on the main management events of strategic importance, on the business performance and on the evolution of the management for all companies of the Group, comparing the results achieved with the expected ones.

Furthermore, the executive directors, holding positions of operational nature within the Group, have full visibility of accounting, administrative and organizational issues of the Issuer and its subsidiaries, updating the Board promptly at the first useful meeting about any critical situation emerged or any substantial changes occurred. In this way the Board can adequately assess the organizational, administrative and accounting structure of subsidiaries, which are all deemed relevant by a strategic point of view, considering the variety and complementarity of the services offered.

The Board deemed it suitable not to make an assessment concerning the organizational structure of the Group, taking into account that the relatively low complexity of the organizational structure of the Group is coherent with the operational efficiency of the Group.

Periodically, the Committee for Internal Control shall inform, as provided by the Code of Conduct, the Board on its activities and on the adequacy of internal control system, providing directors with documents that illustrate the work of the committee.

On May 12, 2011, the Board determined with the approval of the Board of Statutory Auditors, the remuneration plan for the directors members of the internal committees of the Board of Directors. In addition, the shareholders' meeting of April 21, 2011 established the split of the total compensation payable to the members of the Board. Finally, on March 14, 2012, the Board approved, after examining the proposals of the remuneration and incentive committee and with the approval of the Board of Statutory Auditors, the 2011 remuneration and incentive plan for executive directors, subordinated it to the achievement of certain parameters of business performance to be calculated on the basis of consolidated income statement data for the year ended December 31, 2011.

The Board, taking into account the relatively simple organizational structure, considers it appropriate not to define any general criteria for the identification of significant transactions in terms of strategic, economic, and financial relevance for the Issuer itself. For this purpose, we highlight that the Board was informed in advance by the executive directors regarding the purchase of Quinservizi S.p.A. and provided a favorable opinion for this acquisition, giving to the executive committee the broadest powers to complete the operation.

With regards to the examination and the approval of the operations of the Issuer and its companies, in which one or more directors have an interest, which could be direct or on behalf of third parties, please refer to paragraph 12 “Interests of directors and transactions with related parties”, as such operations are considered related party transactions, as stated in the appropriate procedure.

The Board, deems it suitable not to make any evaluation of the size, composition and functioning of the Board itself and of its committees, as it considers the organizational structure to be relatively simple and it deems the current configuration to be adequate and efficient.

Finally, it is worth pointing out that the shareholders’ meeting did not authorize, in a generic and precautionary way, any derogation to the competition ban pursuant to article 2390 of the civil code.

4.4. Delegated bodies

Chief Executive Officer

Pursuant to article 21 of the Articles of Association, the Board of Directors may delegate, pursuant to and within the limits of law and regulations, its own powers to one or more directors of the Board by defining the limit on the powers.

As of the date of approval of this report, the office of Chief Executive Officer is covered by Alessandro Fracassi.

The Board of Directors of the Company, during the meeting held on May 12, 2011 has delegated to director Alessandro Fracassi, to whom such delegation was also granted by the previous Board, with separate signature and for the entire duration of his office, the full power for:

i. the execution of any kind of transactions of ordinary and extraordinary administration up to a maximum of Euro 1,000,000 for each transaction (net of VAT) and

ii. for the recruitment and termination of employees that are not managers.

Chairman

The shareholders’ meeting of April 21, 2011 has appointed director Marco Pescarmona (who already covered the same office in the previous Board) as chairman of the Board of Directors.

According to the Article of Associate, the chairman has: the power of presiding the Shareholders’ meeting (article 13), the power to call Board meetings (article 17), the power of legal representation for the Company, and the power of signature (article 24).

The chairman is, together with the CEO, one of the main managers of the Issuer.

Executive committee

Pursuant to Article 21 of the Articles of Association, the Board of Directors may establish an executive committee, composed by some of its members, determining the powers and the operating regulations pursuant and within the limits of law and regulations in force.

The Board of Directors of the Company, during the meeting of May 12, 2011, has appointed the executive committee composed by Marco Pescarmona and Alessandro Fracassi (chairman of the committee), already members of the previous executive committee.

The following powers have been assigned to the executive committee:

i. the broadest power for the execution of any kind of transactions of ordinary and extraordinary administration up to a maximum of Euro 5,000,000 for each transaction (net of VAT);

ii. the decisions about the vote that a subject delegated by the committee itself or a legal representative of the Company should express in the ordinary and extraordinary shareholders' meetings of the subsidiaries;

iii. the definition, implementation and the monitoring of the execution of the strategies of the Group; and

iv. the broadest powers for the recruitment and termination of managers and employees.

In addition, the members of the executive committee, have been dis-jointly granted all the powers required for the purchase and sale of Issuer own shares, within the scope of applicable regulations and of the authorization granted by the Shareholders' meeting on November 9, 2010.

During 2011, the executive committee met 9 times, for the average length of about 25 minutes for each meeting. In particular, during the year 2011, the executive committee was called:

- to confer delegations for the participation in shareholders' meetings of subsidiaries and to attribute the delegation to vote in the shareholders' meeting of subsidiaries held during the period under review;

- to assign the stock options provided by the stock option plan approved by the Shareholders' meeting on November 9, 2010;

- to approve the stipulation of a loan agreement and confer to the executive director Marco Pescarmona the broadest powers for the stipulation and execution of this agreement.

For the year 2012 no meetings of the executive committee have been programmed. As of the date of the approval of this Report a meeting of the executive committee has taken place regarding the potential acquisition by the Group of the 20% residual shareholding in cercassicurazioni.it S.r.l..

For the composition and rates of attendance at meetings please refer to **Error! Reference source not found.**, in appendix, concerning the structure of the Board and committees.

Information to the Board

Pursuant to article 21 of the Articles of Association, the delegated bodies are required to report to the Board of Directors and to the Board of Statutory Auditors, at intervals of at least 180 days, on general management performance, on the business outlook, as well as on the most significant transactions, for their size or characteristics, performed by the Company and its subsidiaries, and on transactions with potential conflicts of interest.

The members of the executive committee, as directors, shall attend all the meetings of the Board of Directors and, in these occasions, duly report to the rest of the Board and to the statutory auditors about the management performance and about the main executive decisions taken, always within the limits of the delegated powers, for all the companies of the Group, at the first available meeting and, in any case, at least quarterly.

4.5. Other executive directors

The Board of Directors has not appointed other delegated directors beside Alessandro Fracassi.

The members of the executive committee Marco Pescarmona and Alessandro Fracassi hold the offices in subsidiaries and associated companies described in Table 5.

With the participation of the executive directors in all Board meetings of the Italian companies and subsidiaries, the Board of the Issuer is constantly updated and informed on the situation and dynamics of the business.

4.6. Independent directors

The independent directors are in number and authority such as to guarantee that their judgment has a significant weight in board decisions of the Company. The independent directors bring their specific experiences in the board discussions, contributing to the taking of decisions consistent with the interest of the company.

The shareholders' meeting of April 21, 2011 appointed as independent directors Alessandro Garrone, Andrea Casalini, Paolo Vagnone, Daniele Ferrero and Matteo de Brabant, who declared to possess all the necessary independence requirements on March 24, 2011, when their candidacy was accepted.

On May 12, 2011 the Board of Directors has verified, with a positive result, the existence of all the necessary independence requirements provided by article 3 of the Code of Conduct and article 148, paragraph 3, letter b) and c) of TUF, for each independent director. In the above mentioned assessments the Board has applied all the criteria provided by the Code of Conduct.

In the meeting of May 12, 2011, the Board of Statutory Auditors has verified the correct application of the criteria and control procedures adopted by the Board to evaluate the independence of its own members. The result of these verifications has been positive.

The independent directors participate actively and assiduously in the Board meetings, are constantly informed on relevant aspects concerning their assignment and consult each other privately on the agenda before each meeting of the Board. Taking into account these considerations, they did not consider it appropriate to meet during the financial year without the other directors.

4.7. Lead independent director

The conditions provided by the Code being met, the Board of Directors, in the meeting of May 12, 2011, designated, among the independent directors, Paolo Vagnone as the Lead Independent Director pursuant to the Code of Conduct, in order that he could be the point of reference and coordination for the requests and contributions of the non-executive directors, and in particular of the independent ones. Paolo Vagnone held this office also in the previous Board of Directors.

The Lead Independent Director may, among other things, call – on his/her own initiative or upon request of other directors – special meetings of only independent directors (i.e. independent directors' executive sessions) to discuss issues from time to time judged of interest related to the functioning of the Board of Directors and to the management of the Company, with also the possibility to invite members of the management for an exchange of information with the organization.

The Lead Independent Director has collaborated with the Chairman of the Board to ensure that the Directors receive complete and timely information flows.

5. TREATMENT OF CORPORATE INFORMATION

Management of confidential information and code of conduct for insider dealing

The Company has adopted an internal regulation, which contains the provisions relating to the management of confidential information and to the management and external disclosure of privileged information as per article 181 TUF, regarding the Company and its subsidiaries. This regulation, besides providing a definition of privileged information, establishes the procedure for the public disclosure of such information which, as per law, should occur without delay.

The regulation should be respected by all the components of the governing bodies, employees and other personnel of the company and subsidiaries, who for any reason have access to the privileged or confidential information.

In compliance with the regulation, the management of confidential information is followed by the investor relations office, under the responsibility of Marco Pescarmona.

In compliance with the regulation the Issuer has also created a register of the persons that have access to the privileged information, governed by a special regulation. The responsibility for the correct keeping of this register has been entrusted to the person in charge of investor relations.

The regulations for the management and the disclosure of confidential and privileged information are available on the Website, in the section “Governance”, “Other documents”.

Furthermore, the Company adopts a code of conduct which regulates the obligations of information disclosure and of behavior related to the financial transactions carried out by persons who, by virtue of the office held in the Company, have access to relevant information (with relevant information we mean the information related to facts able to determine significant changes in the capital, financial and economic perspectives of the Company or of the Group and able, if made public, to influence the price of the listed financial instruments).

The financial manager is, in compliance with this regulation and with the delegation granted by the Board of Directors, the subject responsible for receiving, managing and circulating to CONSOB and to the market the communications sent to the Company by persons that have access to relevant information.

The three communications received by the Company during 2011 have been regularly published and are available on the Website, in the section “Governance”, “Internal dealing”, “2011”.

6. COMMITTEES WITHIN THE BOARD

In compliance with the Code of Conduct, the Board of Directors, under the authority conferred pursuant to article 22 of the Articles of Association, has constituted the following internal committees with consulting, proactive or control tasks, and which are granted the right to access to relevant information.

In particular, the remuneration and share incentive committee, the committee for internal control and the committee for the transactions with related parties were constituted within the Board.

7. NOMINATION COMMITTEE

At present, the Board of Directors has decided not to set up an internal committee for the nomination of candidate directors, as the shareholding structure of the Company does not present such characteristics of diffusion to justify the adoption of such committee; however the Board in its collegiality carries out the related functions.

8. REMUNERATION AND SHARE INCENTIVE COMMITTEE

The Board of Directors, in compliance with article 2.2.3, paragraph 3, letter m) of the Stock Exchange Regulations, applicable to the issuers admitted to trading in the STAR segment and pursuant to the Code of Conduct, in the meeting of May 12, 2011, has designated the independent directors Paolo Vagnone, Alessandro Garrone and Andrea Casalini as members of the remuneration and share incentive committee. Director Paolo Vagnone has been appointed chairman of this committee.

During 2011, the remuneration and share incentive committee has met once, on March 9, 2011 for about fifteen minutes, with the task of determining the final variable remuneration attributable to the executive directors for the year 2010, having already developed in the previous financial years a calculation model to determine the variable remuneration of the executive directors and retaining it still valid and motivating, and also in line with the best practice of reference and pursuant to the relevant laws and regulations in force. It is worth highlighting that, in this meeting participated the non-executive director and chairman of the internal control committee Marco Zampetti, invited to serve as secretary, and the chairman of the Board of Statutory Auditors, Fausto Provenzano. The executive directors did not attend in this meeting. For the composition and rates of attendance at meetings please refer to **Error! Reference source not found.**, in appendix, concerning the structure of the Board and committees.

The meeting of the remuneration committee that took place during the financial year has been properly recorded and the relative minutes were transcribed in the register available at the administrative office of the Company.

There are no meetings of the remuneration and share incentive committee scheduled for 2012. On March 9, 2012 the remuneration committee met to determine the final compensation for the financial year attributable to the executive directors in charge. In addition to the members of the committee, the non-executive director and chairman of the internal control committee Marco Zampetti and the chairman of the Board of Statutory Auditors Fausto Provenzano attended the meeting.

The Board of Directors in the meeting of May 12, 2011, has resolved a total compensation, on annual basis, for the members of the remuneration and share incentive committee equal to Euro 20 thousand in total.

No financial resources have been allocated to the committee, as the committee uses the Issuer's resources and facilities for the performance of its tasks.

For any other information on the remuneration and share incentive committee, please refer to "Report on Remuneration" prepared pursuant to article 123-*ter* of TUF and pursuant to article 84-*quater* of the Issuers' Regulations, deposited at the registered office and available on the Website in the section "Governance", "Other documents", "2012".

9. REMUNERATION OF DIRECTORS AND MANAGERS

For the general policy for the remuneration adopted by the Issuer, the share remuneration plans, the remuneration of executive directors, directors with strategic responsibilities (if any) and non-executive directors, and for the indemnities of directors in case of resignation, dismissal or termination as a consequence of a takeover bid, please refer to the "Report on Remuneration" prepared pursuant to to article 123-*ter* of TUF and pursuant to article 84-*quater* of the Issuers' Regulations, deposited at the registered office and available on the Website in the section "Governance", "Other documents", "2012".

10. COMMITTEE FOR INTERNAL CONTROL AND CORPORATE GOVERNANCE

The Board, during the meeting of May 12, 2011, has established the Committee for Internal Control and Corporate Governance with proposing and consulting functions. The Committee for Internal Control is composed of non-executive director Marco Zampetti and independent directors Daniele Ferrero and Andrea Casalini. Marco Zampetti, who by virtue of his professional activity possesses a considerable experience in accounting, financial, fiscal and compliance matters, was appointed chairman of this committee. The previous committee for internal control and corporate governance was composed by Marco Zampetti (chairman), Andrea Casalini and Paolo Vagnone.

According to the Code of Conduct, the committee for internal control and corporate governance:

i. assists the Board in defining the guidelines of the internal control system, so that the main risks relative to the Issuer and its subsidiaries can be correctly identified, as well as appropriately measured, managed and monitored, also determining compatibility criteria of these risks with a sound and correct management of the enterprise;

ii. assists the Board in identifying an executive director (preferably the CEO) charged with supervising the functionality of the internal control system;

iii. assists the Board in assessing, yearly at least, the adequacy, efficiency and the effective functioning of the internal control system;

iv. assists the Board in describing the essential elements of the internal control system in the corporate governance report, expressing its own assessment of the overall adequacy of this system;

v. assesses, together with the manager in charge of preparing the company's accounting documents and with the auditors, the proper and consistent application of accounting principles and their homogeneity in the preparation of the consolidated financial statements;

vi. upon the request of the executive director in charge, expresses opinions on specific aspects related to the identification of the main corporate risks as well as to the design, realization and management of the internal control system;

vii. examines the work plan prepared by the persons in charge of the internal control as well as the periodic reports they have drawn up;

viii. assesses the proposals made by the audit companies in order to obtain the assignment of the related job, as well as the work plan for the audit and the results described in their report and in any letter of suggestions;

ix. monitors the effectiveness of the legally-required auditing process;

x. reports to the Board on the activity it has performed and on the adequacy of the internal control system, at least twice a year, on the occasion of the approval of the financial statements and of the semi-annual reports;

xi. monitors the compliance and the periodic update of the corporate governance rules and the observance of rules of conduct potentially adopted by the Issuer and its subsidiaries;

xii. performs any additional duties that are assigned by the Board;

The committee for internal control and corporate governance:

i. has access to all corporate activities and information necessary to perform its duties;

ii. may ask the Board to use external consultancy services to perform its activity;

iii. will normally meet before the Board meetings called to approve the financial statements, the semi-annual and the quarterly reports, or whenever the chairman deems it appropriate or receives a request from a member or an executive director.

For the meeting procedures, the same rules apply as provided by the Articles of Association for the meetings of the Board.

During the Financial year, the chairman of the committee has met:

- on March 7, the representatives of the legally-required auditing firm, the Board of Statutory Auditors composed by Fausto Provenzano, Paolo Burlando and Francesca Masotti, and the finance and control manager, Francesco Masciandaro, in order to obtain updates on the legally-required auditing activity carried out on financial statements of the companies of the Group for the year ended December 31, 2010 and on consolidated financial statement;

- on July 28, the representatives of the legally-required auditing firm and the finance and control manager, Francesco Masciandaro for the periodic meeting of update on the legally-required auditing activity carried out.

In addition to the above mentioned meetings, during the financial year, the Committee for Internal Control and Corporate Governance met 3 other times for an average of about an hour and forty minutes; during the meetings of March 9 and August 9, 2011 the chairman, among other things, gave an update to the other members of the committee on the activities performed and for which it is responsible towards the Board and in relation with the meetings held. Both these meetings were attended by the Board of Statutory Auditors, represented by its chairman Fausto Provenzano. At the meeting of July 25, 2011, besides the chairman of the Board of Statutory Auditors Fausto Provenzano, participated also the finance and control manager Francesco Masciandaro, and the responsible of the internal audit function Walter Baraggia, in order to illustrate to the participants the results of auditing activities carried out during the year.

On March 10 and August 10, 2011, the Committee for Internal Control, as provided for in the Code of Conduct, has informed the Board of Directors on its activity and on the adequacy of the internal control system.

There are no scheduled meetings of the committee for internal control for 2012. On March 2, 2012 the chairman of the committee for internal control has met the independent auditors and the finance and control manager, Francesco Masciandaro to obtain updates on the legally-required auditing activity carried out on financial statements of the companies of the Group for the year ended December 31, 2011 and on consolidated financial statement; in addition, during the meeting the committee also discussed the implementation of Group's procedures on certain subsidiaries (in particular cercassicurazioni.it S.r.l. and Quinservizi S.p.A.).

For the composition and rates of attendance at meetings please refer to **Error! Reference source not found.**, in appendix, concerning the structure of the Board and committees.

All the meetings held by the chairman, as well as the meetings of the committee have been properly recorded and the relative minutes were transcribed in the register held at the administrative office of the Company.

During the meeting of May 12, 2011, the Board of Directors has resolved an annual total compensation for the members of the committee for internal control and corporate governance equal to Euro 40 thousand.

No financial resources have been allocated to the committee for internal control and corporate governance, as the committee uses the Issuer's resources and facilities for the performance of its tasks.

11. INTERNAL CONTROL SYSTEM

The Board of Directors defines the guidelines of the internal control system designed as a set of direct processes intended to monitor the efficiency of business and corporate management, the reliability of the financial information, the compliance with laws and regulations, the safeguard of corporate assets, and the prevention of fraud against the Company and financial markets.

The internal control system is structured as a set of rules and procedures in order to enable, through a proper process of identification, measurement, management and monitoring of the main risks, a sound and correct corporate management, in line with the set objectives.

According to the Code of Conduct, the Board of Directors, taking also into account that the Company is part of a group, defines the guidelines of the internal control system and verifies its correct functioning with respect to the management of corporate risks through the activity performed by the internal control committee. The director in charge defines the instruments and procedures for the implementation of the internal control system, following the guidelines established by the Board of Directors, assures the overall adequacy of the system, its practical functionality, its adaption to changes of operating conditions and of legislative or regulatory frameworks.

The internal control system defined by the Board of Directors satisfies following general principles:

i. the operational powers are assigned taking into account the nature, normal size and risks of individual types of transactions; operational areas are closely related to the delegated tasks;

ii. the organizational structures are articulated so as to reduce the overlapping of functions and the concentration on one person, without the proper authorization process, of activities that have a high degree of criticality or risk;

iii. an appropriate system of parameters and a related periodic flow of information to measure the efficiency and effectiveness is provided for each process;

iv. a periodical analyses of the professional knowledge and skills available within the organization in terms of congruence with the objectives assigned;

v. the operating processes are defined in accordance with an appropriate documentary support enabling them to be verified in terms of congruence, consistency and responsibility;

vi. the security mechanisms ensure an adequate safeguard of the corporate assets and access to the information required for the performance of the assigned tasks;

vii. the risks related to achievement of the objectives are identified by observing an adequate periodic monitoring and updating; negative events that may threaten the corporate business continuity are subject to special assessments and adjustment of safeguards;

viii. the control system is subject to continuous supervision for periodic evaluations and constant adjustments.

For the purpose of verifying the correct functioning of the internal control system, the Board of Directors relies on the committee for internal control and corporate governance, on a manager in charge and on an internal auditor, which have an appropriate level of independence and necessary means for the performance of their tasks; they report to the director in charge of internal control, the committee for internal control and corporate governance and to the Board of Statutory Auditors.

The director in charge of internal control implements the interventions on the internal control system deemed necessary as a result of the above control activities, and may appoint one or more delegates for such purpose.

11.1. Main principles of the existing risk management and internal control systems in relation to the financial reporting process

Introduction

The system of risk management should not be considered separately from the internal control system in relation to the financial reporting process; both are, in fact, elements of the same system. It is worth mentioning that this system is aimed at ensuring the trustworthiness, accuracy, reliability and timeliness of financial reporting.

All the companies of the Group adopt detailed procedures to manage the selling process, the purchasing process, the human resources process and the financial reporting process approved by the Board the Directors.

The basic principle for the management of these processes is that, because of the relatively simple structure of the Group, all the authorization processes are handled by executive directors, vested with adequate powers.

Description of the principal features of the existing risk management and internal control systems in relation to the financial reporting process

The activities under the responsibility of the administration unit of the Group are defined in the organizational structure of the Group and the above mentioned procedures. Please find below, in an illustrative and not exhaustive way, the main activities carried out by the administration unit:

i. ensure, through the planning process and management control, the unity of functional goals, the compliance of the actions with the plans and the achievement of profit targets;

ii. define and propose, within the policies and strategies agreed with the top management, the Group's financial policy;

iii. ensure the proper administrative management of the Group, and in particular define and propose the policy for the financial statements, ensure the preparation of the annual financial statements of the Company and of the Group and of its relevant annexes pursuant to the existing civil and fiscal laws as well as to the institutional provisions;

iv. ensure the systematic monitoring of the economic performance of the Group in order to afford a proper process of management control;

v. ensure the alignment of the management control system (*Sistema di Controllo di Gestione* or SCG) with the strategies and the business and market context.

The main risks pertaining to the financial reporting process are:

i. the risk of recognition of revenues that are not related, not accrued or not due or the incomplete recognition of revenues;

ii. risks linked to the recognition of expenses that are not related, not accrued or not due;

iii. risks linked to outsourcing of accounting activities;

iv. risks linked to the presence in the consolidation area of a Rumanian company;

v. risks of loss or information or data during the automatic data extraction process from the general ledger.

Corrective actions adopted to reduce the impact of these risks, procedures and controls applied for the continuous monitoring of the identified risks are respectively summarized in the following list:

i. the billing process follows a detailed procedure on receivables which takes into account the different types of revenues of the companies of the Group: the billing from the administrative office takes place only after verifying the accuracy of the billing reports and their compliance to the contractual conditions. These controls are carried out by selecting random samples of sale invoices, verifying phases and documents required by the procedure for the issuance of the invoice itself and the collection of payment, and by checking that contractual rates are applied and respected properly;

ii. the process on liabilities also follows an internal procedure which takes into account the various types of purchases (mainly marketing, technology and general services expenses). The registration of an accounting document takes place only after the verification of the existence of a purchase order authorized by a representative of the company with appropriate credentials and upon verification of the correspondence with the purchase order itself. Also in this case, the verifications are carried out by selecting a random sample of purchase invoices, verifying that they are authorized by an order and that the amounts to be paid match with the ones specified in the order;

iii. periodically or upon request, the administrative office receives a detailed financial statement from the company EuroServizi per i Notai S.r.l., verifying that it has received the financial data at least on quarterly basis. Furthermore, from 2011, also EuroServizi per i Notai S.r.l. is subject to the legal audit of accounts. It is also worth highlighting that starting in 2011, the accounting management of cercassicurazioni.it S.r.l. was managed internally by the Group;

iv. definition of guidelines to which the accounting employees of Finprom S.r.l. must comply, in accordance with the local regulations. The Issuer receives a monthly financial management report, and on quarterly basis a detailed financial statement of the company;

v. in order to verify the correct and complete collection of economic-financial consolidated data through an automated process, we perform cross-checks while balancing the general ledger data with the cost accounting at the EBITDA level, analyzing potential deviations and the accuracy of the automatic formulas. The process of data collection and extraction for the preparation of the periodic financial reports is regulated by a specific internal procedure.

It is also worth highlighting that, during 2012, we should consider as relevant risks of the financial reporting process the management of the active cycle, passive cycle and personnel cycle of both new companies purchased at the end of 2011, Quinservizi S.p.A. and Key Service S.r.l.. In order to mitigate such risks, we intend to extend the regulations of the Group also to these companies.

The administrative area of the Group is under the direct responsibility of the Chief Financial Officer (CFO), Francesco Masciandaro, and is composed of a total of twelve persons. Within the administrative area there are two distinct functions:

- Accounting, whose mission is to provide a correct representation of the Company's capital and economic life, ensuring the proper execution of the activities related to the preparation of corporate financial statements and consolidated financial statements, in compliance with the accounting principles and regulations;

- Management Control, whose mission is to ensure through the planning and control process the unity of functional goals, the compliance of the actions with the plans and the achievement of profit targets.

As regards the management of the Accounting function, two persons located in Romania have full responsibility for all activities related to subsidiary Finprom S.r.l., which they manage with full autonomy. As regards the management of the Accounting function for the other subsidiaries, it is entirely carried out by the structure and resources located in Italy, who report to the head of the function, which provides the operating guidelines.

The process of financial reporting for the Group is headed by the CFO, who receives, at least once a month, the summary financial reports by all the companies of the Group and, quarterly, more detailed financial reports at the base of the periodic financial reporting.

This process is conducted annually by the CFO, who in the light of the activity performed, prepares a check list which highlights the identified risks, the corrective actions, the checks that were performed and their results. From January 2010, the CFO is assisted by the responsible for internal audit, who in this area deals mainly with the update of the procedures on receivables and liabilities and verifies the performance of random checks on the recognition of revenues and expenses.

At the end of this activity, the outcome is directly submitted for evaluation to the executive director in charge of the internal control system. The information flow is particularly direct, since there are no intermediate levels between the CFO, internal auditor and the executive director in charge of the internal control system. In addition, the CFO and the internal auditor meet periodically the

Committee for Internal Control and the Supervisory Body for an appropriate update on the performance of controls.

The Board of Directors in the meetings of March 10, 2011 and of August 10, 2011 has positively assessed the effectiveness and the effective functioning of the internal control system. During this meeting, the chairman of the Committee for Internal Control Marco Zampetti illustrated to the attendees the job performed by the committee and briefed on the adequacy of the internal control system. The committee sends in advance the most significant elements by a brief memorandum circulated to all the directors and members of the Board of Statutory Auditors.

11.2. Executive director in charge of the internal control system

The Board of Directors, during the meeting of May 12, 2011, appointed the chairman of the Board of Directors and member of the executive committee, Marco Pescarmona, as the executive director in charge of the internal control system.

During Financial year, the executive director in charge of supervising the functionality of the internal control system has identified, in collaboration with the Committee for Internal Control and the manager in charge of internal control, the main risks related to the Issuer and its subsidiaries, by constantly verifying the adequacy of the internal control system. In addition, in collaboration with the internal auditor, it was carried out a constant monitoring on most relevant compliance issues, adjusting where necessary the business procedures to the regulations in force. It is worth highlighting in particular, the updates of transparency and anti-money-laundering regulations for certain companies of the Group, according to a number of measures of Bank of Italy which came into force during the Year.

Finally, during the financial year, in light of the controls performed, he has not detected any business risks not managed within the corporate organization.

11.3. Manager in charge of the internal control system

The Board of Directors during the meeting of May 12, 2011, upon the proposal of the executive director in charge of supervising the functionality of the internal control system Marco Pescarmona and with the favorable opinion of the committee for internal control, has appointed Francesco Masciandaro, CFO of the Group and also manager in charge preparing the Company’s financial reports, as manager in charge of the internal control system. No specific remuneration is provided for this office and, at the moment, there are no dedicated resources on a permanent basis. Nevertheless, for some activities, the manager in charge of the internal control system can request the support of the internal audit function.

The choice to appoint a non-hierarchically independent person was made taking into consideration the relatively low complexity of the organizational structure of the Group.

During the financial year, the manager in charge of the internal control system, having direct access to all the necessary information to perform the functions assigned to him, has interacted continuously with the members of the executive committee, with the chairman of the committee for internal control and corporate governance and with the member of the Board of Statutory Auditors, reporting on the functionality of the internal control system and on the adequacy of the accounting system.

The Issuer has instituted from January 2010 the internal audit function, with the hiring of a dedicated resource in the organizational structure of the Group. No other resources, external to the Group, are involved in this function.

11.4. Organizational model pursuant to Law Decree 231/2001

On March 20, 2008, the Company has adopted the model of organization pursuant to article 6 of Law Decree 231/2001. During financial year 2009, the Board of Directors has established a monocratic supervisory body, confirming as a single member Gianluca Lazzati, after having already verified the possession of all the professional and integrity qualifications requested by the organizational model at the moment of the very first appointment.

It was resolved that the duration of this office would continue until the date of approval of the financial statement for the year ended December 31, 2011; the supervisory body will have a compensation in accordance with the professional fees of Certified Accountants.

During 2011, the supervisory body has met the finance and control manager, Francesco Masciandaro and the internal auditor Walter Baraggia to review the work done by the latter; in particular during the meeting of May 24, 2011, there were analyzed some issues of compliance (privacy, bank transparency, commercial transactions and advertisements, anti-money-laundering, occupational safety, control model pursuant to the Legislative Decree 262/2005, Issuer compliance, etc.), while the purpose of the meeting held on October 19, 2011, was an investigation of the new anti-money-laundering regulations issued by Bank of Italy on March 20, 2011 that came into force on September 1, 2011.

It is worth pointing out that on January 11, 2012 the supervisory body met the finance and control manager, Francesco Masciandaro and the internal auditor Walter Baraggia to review the procedures on the billing process and on liabilities and the procedure for the evaluation and the reporting of suspect operations in the field of anti-money-laundering.

The organizational model adopted by the Group and its principles are applied to the corporate bodies of all the companies of the Group (meaning the Board of Directors and the Board of Statutory Auditors of the Company and their relative members), to the employees, other personnel of the Group, to consultants, suppliers and more generally to all those that, for whatever reason, operate with "sensitive" activities on behalf or for the Group. The model intends to prevent the following types of offences:

- crimes against public administration (articles 24 and 25, Law Decree 231/01);
- corporate crimes (articles 25-*ter* Law Decree 231/01);
- market abuse crimes (article 25-*sexies* Law Decree 231/01);
- crimes introduced by article 9 of law 123/2007 (article 25-*septies* Law Decree 231/01), which include manslaughter or serious injury caused by the violation of safety and occupational hygiene regulations at work;
- receiving of stolen goods, money laundering and the utilization of money, goods or assets originating from illicit activities (article 25-octies, Legislative Decree 231/01);
- data processing crimes and illegal treatment of data (article 24-bis, Legislative Decree 231/01);
- protection of trademarks and distinctive signs (article 25-bis, Legislative Decree 231/01);
- crimes against industry and trade (article 25-bis, Legislative Decree 231/01);

- crimes relating to breach of copyright (article 25-novies, Legislative Decree 231/01), which covers certain offenses under Law 633/1941;

- incitement not to testify or bear false testimony in court (article 25-novies, Legislative Decree 231/01).

The organizational model pursuant to the Legislative Decree 231/2001 is available on the Website of the Company in the section "Governance", "Other documents".

11.5. Auditing firm

The auditing firm, also in charge of legally-required auditing of accounting activities, is PricewaterhouseCoopers S.p.A., appointed by the shareholders' meeting of February 9, 2007, effective from June 6, 2007 and with expiration upon the audit of the financial statements for the year ended December 31, 2015.

11.6. Manager responsible for preparing the Company's financial reports

Article 23, paragraph 1 of the Articles of Association provides for the appointment by the Board of Directors, subject to the mandatory opinion of the Board of Statutory Auditors, of a manager responsible for preparing the Company's financial reports in compliance with the provisions of article 154-*bis* of TUF, who must be chosen among individuals with a degree in economics, finance or disciplines related to business management and must have at least three years of experience (i) in the exercise of administrative or managerial functions or (ii) in the exercise of professional activities within an auditing firm or (iii) as a certified accountant, consultant to limited liability companies. Those who are not in possession of the integrity requirements of article 147-*quinquies* of TUF cannot be appointed to the office and, if already appointed, shall expire from the same.

The manager responsible for preparing the Company's financial reports exercises the powers and responsibilities attributed to him in accordance with article 154-*bis* of TUF.

The Board of Directors in the meeting of May 8, 2008, with the approval of the Board of Statutory Auditors, confirmed as manager responsible for preparing the Company's financial reports Francesco Masciandaro, who within the Group holds the role of Chief Financial Officer and Head of Administration and Control.

The manager responsible for preparing the Company's financial reports is provided with adequate powers and means to perform the tasks assigned to him or her. In particular, the manager in charge has developed a set of procedures and information flows aimed at identifying all the processes and business events with an economic and financial relevance; in this way all the economic and financial events of relevance are reflected in the accounting data and periodic financial reports.

Finally, it is worth highlighting that the manager responsible for preparing the Company's financial reports was appointed director with delegated powers on administrative matters, including powers to represent the Company in dealings with the financial administration and powers to sign all the declarations required by applicable tax laws, in subsidiaries MutuiOnline S.p.A., CreditOnline Mediazione Creditizia S.p.A., PP&E S.r.l., Quinservizi S.p.A.. During the financial year 2012 this appointment will be extended to all the other Italian direct or indirect subsidiaries of the Issuer.

11.7. Ethical Code

The Ethical Code, approved on March 20, 2008, is an essential element and function of the organizational model that the Group has adopted pursuant to Law Decree n. 231/2001 and expresses the principles of business ethics and rules of conduct designed to prevent, under Italian law, the commission of offences and all those behaviors inconsistent with the values that the Issuer and its subsidiaries pursuant to article 2359 of the civil code seek to promote.

The Group recognizes the importance of business ethics and social responsibility in the management of corporate activities and affairs and is committed to take into account the legitimate interests of its stakeholders and of the community in which it operates. At the same time, the Group expects from all its employees the respect of business rules and principles established in the Ethical Code and to operate with the highest ethical standards and in compliance with all applicable laws.

The Ethical Code is distributed to all employees. In addition, the Group requires from all subsidiaries, associated companies and major suppliers a conduct in line with the general principles of the Ethical Code.

The Ethical Code is available on the Website of the Company in the section "Governance", "Other documents".

12. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

The Board of Directors of the Company on November 11, 2010, having acknowledged the favorable opinion of the Committee established for this purpose (consisting only of independent directors), approved "The procedure for transactions with related parties" (**"Related Parties Procedure"**) pursuant to the Regulation "Transaction with Related Parties", issued by CONSOB with the resolution no. 17221 of March 12, 2010 (subsequently amended by resolution no. 17389 of June 23, 2010), pursuant to article 2391-*bis* of the civil code and articles 113-*ter*, 114, 115, and 154-*ter* of TUF, and in accordance also with the recommendations of the Code of Conduct.

It is worth pointing out that the new Related Parties Procedure has replaced the previous procedure adopted to comply with the Application Criterion 1.C.1. letter f) of the Code of Conduct. As regards the details of the previous procedure, please refer to the Report of year 2009. The Company applies the Related Parties Procedure taking into account also CONSOB Communication DEM/10078683, published on September 24, 2010, containing "Indications and guidelines of the Regulation on transactions with related parties adopted to comply with the resolution no. 17221 of March 12, 2010, and subsequent amendments".

The Related Parties Procedure regulates the identification, approval and the management of transactions with related parties performed by the Company, also through its subsidiaries pursuant to article 2359 of the civil code or in any case subject to direction and coordination.

After having verified, consulting the list of related parties of the Group, that the counterparty to a transaction is a related party, the parties involved in the execution of the transaction must notify the internal audit function and the administrative and control direction, the intention to begin negotiations for performing the transaction. The internal audit function and the administrative and control direction promptly evaluate whether the transaction complies with the Regulation issued by CONSOB with resolution no. 17221 or if it is possible to apply one or more of the exemption cases for which it is not necessary to follow the approval process required by the procedure. If it is not an exemption, the committee for transactions with related parties expresses its non-binding opinion on the execution of the transaction. The approval for the execution of the transaction is given, depending on the case, by the Board of Directors or by the shareholders' meeting.

Pursuant to paragraph 5 of the Related Parties Procedure, the directors that have an interest in a transaction must promptly and exhaustively inform the Board of Directors on the existence of interest and on his/her circumstances considering, on a case by case basis, the opportunity to leave the Board meetings at the voting moment or to abstain from voting. If he/she is the CEO, he/she abstains from carrying out the transaction. In these cases, the resolutions of the Board of Directors motivate adequately the reasons and the benefits for the Company of the transaction.

For more information, please refer to the Related Parties Procedure and its annexes, available on the Company's website under "Governance", "Other documents" "2010".

The Committee for Transactions with Related Parties

The Board of Directors on November 11, 2010 has also resolved to set up an internal "Committee for Transactions with Related Parties", composed of independent directors and invested with all the functions provided by the Related Parties Procedure, and to approve the regulation of this committee.

The Board of Directors on May 12, 2011 has appointed as members of the Committee for Transactions with Related Parties the independent directors Andrea Casalini (chairman), Daniele Ferrero and Matteo de Brabant, resolving a total remuneration, on yearly bases, equal to Euro 4 thousand.

13. APPOINTMENT OF STATUTORY AUDITORS

The provisions of the Articles of Association of the Issuer governing the appointment of the Board of Statutory Auditors are apt to ensure compliance with the Legislative Decree no. 27 of January 27, 2010 on the implementation of the directive 2007/36/CE for the exercise of certain rights of shareholders in listed companies. The changes for the adjustment of the Articles of Associate to this new regulation were approved by the Board of Directors on November 11, 2010.

The appointment of the Board of Statutory Auditors is made on the basis of lists submitted by shareholders.

Each shareholder, or the members of a shareholder agreement pursuant to article 122 of TUF, as well as the controlling entity, the subsidiary companies and those companies subject to common control pursuant to article 93 of TUF, may not submit or take part in the submission of, neither through a third party or a trust company, more than one list, nor can vote for different lists.

Shareholders are entitled to submit lists if, by themselves or together with other shareholders, are holders of the minimum stake established by CONSOB Regulations for the submission of lists for the appointment of the board of directors. The lists submitted by the shareholders must be filed at the registered office at least twenty-five days before the date set for the shareholders' meeting in first call, along with the required documents prescribed by the Articles of Association together with a resume of the candidates included in the list. It is worth highlighting, that as already mentioned in paragraph 4.1, on January 25, 2012, CONSOB with resolution n. 18083, identified a shareholding threshold of 4.5% of the shares with voting rights in the shareholders' meeting.

If upon the deadline for the submission of the lists only one list has been filed, or only lists submitted by members linked together pursuant to applicable provisions, other lists may be submitted within three days of the deadline. In this case, the previous threshold is reduced by half.

The election system required by the Articles of Association provides that:

i. the first two candidates from the list with the highest number of votes and the first candidate from the list that will result second for number of votes, who will be the chairman of the Board of Statutory Auditors, will be elected as active statutory auditors;

ii. the first candidate from the list with the highest number of votes and the first candidate from the list that will result second for number of votes will be elected substitute statutory auditors.

If the two first lists obtain the same number of votes, the shareholder's meeting proceeds with a new election, by voting only for the first two lists.

If only a single list has been submitted, the candidates of this list will be elected Statutory Auditors and Substitute Auditors. If no list is submitted, the Shareholders' meeting will elect the Board of Statutory Auditors.

In case of replacement of an auditor, the substitute auditor belonging to the same list of the ceased one will take over. If the Board of Statutory Auditors is not complete with the entry of the substitute auditors, a Shareholders' meeting must be called to provide for the integration of the Board of Auditors pursuant to the law.

14. BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors of the Company in office as of December 31, 2011 was appointed by the shareholders' meeting of April 23, 2009, during which only one list of candidates was submitted by the shareholders Alma Ventures S.A. and Stefano Rossini and will remain in office until the approval of the financial statements for the year ended December 31, 2011. The names of candidates on the list coincide with the current members of the Board of Statutory Auditors. The list submitted obtained the unanimous consent of those present, representing 24,437,074 shares, corresponding to 61.85% of shares with voting rights. For the composition of the Board of Statutory Auditors and other information please refer to **Error! Reference source not found.**, in the appendix, concerning the structure of the Board of Statutory Auditors.

As regards the personal and professional characteristics of each member of the Board of Statutory Auditors, please refer to their curricula published on the Issuer's website under "Governance", "Shareholders' meetings and Company governance" "2009".

The statutory auditors, in accepting the office, have declared that they possess the necessary requirements of professionalism, integrity and independence. The Board of Directors then checked the existence of these requirements, by correctly applying the assessment procedures and criteria. The result of this control was positive.

There were no members of the Board of Statutory Auditors who ceased to hold the office of statutory auditor in 2011 or the first months of 2012.

During the financial year ended December 31, 2011, the Board of Statutory Auditors has met 7 times with an average duration of two hours and has also participated in all the meetings of the Board of Directors and has been regularly updated on business performance and the main events of the year. No meetings of the Board of Statutory Auditors have been scheduled for 2012. As of the date of the approval of this report there has been e meeting, not previously planned, with the independent auditor firm in order to receive an update on the legally-required auditing activities regarding the consolidated and separated financial statements of the Company for the year ended December 31, 2011.

The Board of Statutory Auditors has assessed, in the report of the Board of Statuary Auditors prepared on March 29, 2011, the persistence of the independence requirements pursuant to article 148, paragraph 3 of TUF of its members since the date of their appointment, and in making these assessments the Board of Statutory Auditors has applied all the criteria provided by the Code of Conduct with regard to the directors' independence.

The Procedure for Transactions with Related Parties approved by the Board of Directors on November 11, 2010 (see paragraph 12) provides that a Statutory Auditor who has, for himself/herself or on behalf of third parties, an interest on a transaction of the Issuer, must promptly inform the other statutory auditors on the nature, terms and extent of his/her interest.

The Board of Statutory Auditors has met on March 7, 2011 the independent auditing firm in order to obtain an update on the results of accounting and legally-required auditing and on the schedule of the activities for the audit on the financial reports for the year ended December 31, 2010. In this meeting participated also the finance and control manager, Francesco Masciandaro, who informed the Board of Statutory Auditors on the ordinary administrative activities, paying particular attention on certain companies of the Group. The Board of Statutory Auditors, at the meeting for the drafting of the annual report for the year ended December 31, 2010, has also verified the satisfaction of the requirements of professionalism and independence of the independent auditors and the adequacy of the tasks and congruity of the compensations paid. In addition the Board of Statutory Auditors has also monitored the entity of the non-audit services provided to the Group by the same auditing firm; in particular in the financial statement for the financial year ended December 31, 2010 were identified fees paid by subsidiary Centro Istruttorie S.p.A. to the auditing firm for attestation services required by a client company. Also in the income statement for the financial year ended December 31, 2011 will be found such fees for the continuation of these services. The Board of Statutory Auditors has found no problems or anomalies in this regard.

During the Financial year, the Board of Statutory Auditors was regularly updated by the committee for internal control, by the manager in charge of internal control and by the internal auditor on their activity during the Financial year, through various formal meetings with the parties in question.

It is to be highlighted that the composition of Board of Statutory Auditors is the same also for the other companies of the Group that have a Board of Statutory Auditors in their structure: MutuiOnline S.p.A., CreditOnline Mediazione Creditizia S.p.A., Centro Istruttorie S.p.A. e Centro Finanziamenti S.p.A.. In addition, on December 16, 2011, it was appointed the new Board of Statutory Auditors for subsidiary Quinservizi S.p.A., which became part of the Group in December 2011; the composition of the Board of Statutory Auditors is the same as that of the Issuer.

For information regarding any management or control functions covered by the members of the Board of Statutory Auditors please refer to the data published by CONSOB pursuant to article 144-*quinquiesdecies* of Issuers Regulation, on the website www.sai.consob.it under "Corporate boards", "Disclosure".

Please note that the Legislative Decree no. 39/2010 ("Implementation of Directive 2006/43/EC relating to audits of annual financial statements, which amends directives 78/660/EEC and 83/349/EEC, and which repeals directive 84/253/EEC") has endowed the Board of Statutory Auditors with the committee functions for internal control and auditing (the "Committee for internal control and auditing") and, specifically, the functions of supervising: (i) the financial information process; (ii) the efficiency of the internal control, internal audit, if applicable, and risk management systems; (iii) legally-required auditing of the annual and consolidated financial statements; (iv) independence of the independent auditor or the independent auditing firm, especially as far as the provision of non-auditing services to the company that is subject to audit.

For more information on the activities carried out by the Board of the Statutory Auditors during the Financial year please refer to the "Report of the Board of Statutory Auditors" prepared pursuant to article 153 of TUF and article 2429, paragraph 2 of the civil code, and published together with the annual financial Report.

15. RELATIONS WITH SHAREHOLDERS

The Company considers it coherent with its own specific interest - as well as an obligation towards the market - to establish, from the first day of trading of its shares, a constant dialogue based on mutual understanding of roles, with its shareholders in general and with institutional investors in particular; a relation intended to be conducted anyway in accordance with "Internal regulation for the management and disclosure of confidential and privileged information".

In this respect, it was deemed that the creation of a dedicated structure within the Company, with its own staff and appropriate organizational means, could facilitate the relations with the shareholders in general, as well as with the institutional investors.

In accordance with article 2.2.3, paragraph 3, letter i) of Market Regulations, the Board of Directors of the Company, on February 9, 2007, resolved to institute, effective from June 6, 2007, the Investor Relations functions responsible for the relations with the shareholders in general and with the institutional investors and possibly perform specific tasks as the management of price sensitive information and relations with CONSOB and the Italian Stock Exchange.

The Board of Directors has appointed ad interim the executive director Marco Pescarmona, to the function of Investor Relator of the Issuer.

The Company provides adequate information for investor relations also by publishing in a timely and continuous manner the most relevant corporate documents on its website (www.gruppomol.it), in two special sections: "Governance" and "Investor Relations".

16. SHAREHOLDERS' MEETINGS

The Board of Directors, in the meeting held on November 11, 2010 has adapted the Articles of Association to the provisions of the Legislative Decree no. 27 of January 2020, concerning the implementation of Directive 2007/36/EC on the exercise of certain rights of shareholders of listed companies.

Pursuant to article 9 of the Articles of Association, the shareholders' meeting, regularly constituted, represents the whole body of shareholders and its resolutions are binding for all the shareholders, with or without the right to vote, as well as for those that do not participate or dissent. The shareholders' meeting, both ordinary and extraordinary, is validly constituted and resolves with the majorities prescribed by law.

Pursuant to article 10 of the Article of Association, shareholders' meetings are called with the publication of a notice as prescribed by the law on the website of the Company and also according to the mandatory procedure prescribed by the law and regulations and, if requested by pro-tempore applicable regulation, on the *Gazzetta Ufficiale della Repubblica Italiana,* (the Official Gazette of Italy) or, at the choice of the administrative body, in one of the following newspapers: *Il Sole 24 Ore*, *Corriere della Sera*, *La Repubblica, La Stampa, Il Messaggero, MF/Milano Finanza, Finanza e Mercati* or *Italia Oggi.* The shareholders' meeting should be called by the Board of Directors for the approval of annual financial statements at least once a year within 120 days after the end of the financial year, or within 180 days, since the Company is required to prepare the consolidated financial statements. There are no other limits of constitution or resolution quorum than those provided by law.

The main powers of the shareholders' meeting shall be those provided by the legislative provisions and alternative applicable regulations; in particular, the Articles of Association do not require the authorization of the shareholders' meeting for specific acts of the directors.

Pursuant to article 11 of the Articles of Association, the right to participate in the shareholders' meeting and the exercise of voting rights is certified by a statement to the Company made by the intermediary in charge of holding the accounting pursuant to the law, based on the evidence at the end of the seventh accounting and trading day before the date fixed for the shareholders' meeting on first call, and received by the Company in accordance with the law. There are no limitations to the availability of the shares prior to the meeting.

The shareholders' meeting is ordinary or extraordinary according to the law and takes place at the registered office or in other places indicated in the notice, within the national territory, or any other country of the European Community or Switzerland. To facilitate the participation of the shareholders at the meeting, article 11.2 of the Articles of Association provides also that the shareholders' meeting could take place with participants located in several places, near or far, in video conference or conference call, provided that they comply with the collegial method, good faith principles and equal treatment of members. The vote may also be expressed by mail, as expressly provided in the notice, in compliance with applicable regulatory requirements.

Pursuant to article 12 of the Articles of the Association, shareholders who have the right to vote may be represented by law, by written proxy, in accordance with the provisions of article 2372 of the civil code and other applicable regulatory requirements. The electronic notification of the proxy may be done, following the procedures indicated in the notice, through a message to the certified e-mail address given in the same notice or through the use of the special section on the Company's Website. The Company may designate, for each shareholders' meeting, an intermediary to which the shareholders may confer, according to modalities provided by law and regulations, within the end of the second trading day prior to the date scheduled for the shareholders' meeting on single or first call, a delegation with voting instructions on all or only on some of the proposals on the agenda. The delegation has no effect with regards to proposals for which no voting instructions have been given.

With exception of the provisions of the Articles of the Association, all the other operating rules, regulations and discipline of the shareholders' meetings have been determined, upon the proposal of the Board of Directors, by the shareholders' meeting of December 18, 2007 with the approval of a Shareholders' Meeting Regulation, available on the Company's Website in the section "Governance", "Shareholders' meeting and Company Governance", "2007".

As indicated in the Shareholders' Meeting Regulation, the shareholders and the other holders of voting rights pursuant to the law and the Articles of Association can intervene in the Shareholders' Meeting. They are entitled to discuss on the items on the agenda, making observations and asking for information and may also set forth voting proposals and statements. The order of the interventions is decided by the chairman. The maximum length of each intervention should not usually exceed five minutes and each shareholder may intervene only once on each item on the agenda.

The Board of Directors has reported in the shareholders' meeting held on April 21, 2011 on the accomplished and future activities and has done its best to provide the shareholders with adequate information on necessary elements, by publishing on the Website the necessary documentation within the time limits provided by law, so that they could take their decisions during the shareholders' meeting with full knowledge.

With regards to the rights of the Shareholders not illustrated in this Report please refer to the applicable laws and regulations.

In financial year 2011 there were no significant changes in the market capitalization of the Company such as to imply a change in the percentages set for the exercise of the actions and the prerogatives intended to safeguard minority rights.

17. OTHER PROCEDURES OF CORPORATE GOVERNANCE

The Issuer does not adopt corporate governance procedures other than those already mentioned in the preceding paragraphs.

18. CHANGES SINCE THE END OF THE REFERENCE YEAR

As of the end of the financial year, there have been no changes in the corporate governance structure other than those reported in the relevant sections.

For the Board of Directors
The Chairman
Ing. Marco Pescarmona

APPENDIX

INFORMATION ON OWNERSHIP STRUCTURE AS OF DECEMBER 31, 2011

SHARE CAPITAL STRUCTURE

	N. of shares	% of the share capital	Listed (specify the market) / not listed	Rights and duties
Ordinary shares without the indication of the nominal value pursuant to art. 2346 of the civil code	39,511,870	100%	STAR	Each share gives the right to exercise one vote. The rights and the duties of the sharesholders are those provided by art. 2346 and followings of the civil code

Table 1

Declarant	Direct shareholder	% of the ordinary share capital	% of the voting share capital
Alma Ventures SA	Alma Ventures SA	32.50%	34.43%
Investoren TGV	Investoren TGV	11.19%	11.85%
Parvus Asset Management UK LLP	Parvus Asset Management UK LLP	9.87%	10.46%
Index Venture Growth Associates I (Jersey) LP	Paramol Sarl	8.76%	9.28%
Stefano Rossini	Stefano Rossini	4.32%	4.57%
360 Capital One	360 Capital One	2.60%	2.76%
Own shares (included tha share purchased by the subsidiaries)		5.60%	N/A

Table 2

STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES

BOARD OF DIRECTORS										*EXECUTIVE COMMITTEE*		*REMUNERATION COMMITTEE*		*COMMITTEE FOR INTERNAL CONTROL*		*COMMITTEE FOR TRANSACTIONS WITH RELATED PARTIES*	
Office	**Name**	**In charge since**	**In charge until**	**List**	**Exec.**	**Non-exec.**	**Indip. TUF**	**% BoD**	**Numbers of other offices**	**Belonging to the committee**	**% E.C.**	**Belonging to the committee**	**% R.C.**	**Belonging to the committee**	**% C.I.C.**	**Belonging to the committee**	**% C.T.R.P.**
Chairman	Marco Pescarmona	April 2011	Appr. of annual report 2013	Only	X			100%	3	M	100%						
CEO	Alessandro Fracassi	April 2011	Appr. of annual report 2013	Only	X			100%	3	C	100%						
Director	Marco Zampetti	April 2011	Appr. of annual report 2013	Only		X		100%	4					C	100%		
Director	Fausto Boni	April 2011	Appr. of annual report 2013	Only		X		100%	3								
Director	Andrea Casalini	April 2011	Appr. of annual report 2013	Only		X	X	100%	1			M	100%	M	100%	C	n.a.
Director	Matteo De Brabant	April 2011	Appr. of annual report 2013	Only		X	X	100%*	8							M	n.a.
Director	Daniele Ferrero	April 2011	Appr. of annual report 2013	Only		X	X	80%	2					M**	100%	M	n.a.
Director	Alessandro Garrone	April 2011	Appr. of annual report 2013	Only		X	X	60%	3			M	100%				
Director	Paolo Vagnone	April 2011	Appr. of annual report 2013	Only		X	X	60%	1			C	100%				
Director	Giuseppe Zocco	April 2011	Appr. of annual report 2013	Only		X		100%	2					M***	100%		

NO DIRECTORS CEASED DURING THE RELEVANT YEAR

Required shareholding for the submission of the list on the occasion of the last appointment: 2.5%

Number of meetings done during the relevant year:	**BoD**	5	**E.C.**	9	**R.C.**	1	**C.I.C.**	3	**C.T.R.P.**	0****

Table 3

** Matteo De Brabant assumed the office of director on April 20, 2011 and therefore the percentage of participation to the Boards of Directors is calculated on the meetings held after this date. For the other direstors we considered all the meetings held in 2011 because everyone held the office during the previuos mandate.*
*** Daniele Ferrero was appointed as member of the Committee for Internal Control on May, 12 2011. The percentage of participation to the committee is calculated on the meetings held after this date.*
**** Paolo Vagnone was a member of the Committee for Internal Control during the mandate ended as of the approval of the annual report per the year ended December 31, 2010..Therefore his percentage of participation is calculated on the meetings held until May 12, 2011, date of the appointment of the new committee.*
***** The Committee for Transactions with Related Parties was never held during 2011, because there were no transactions for which the implementation of the procedure and the opinion opf the committee were necessary.*

Legend:

% BoD: presence, in terms of percentage, of the directors in the board meetings (for the directors appointed for the first time during the year we take account of the meetings held from the date of appoinment)

Other offices: list of the other office held in other companies listed in regulated markets (also abroad),and in financial, banking, insurance or relevant companies.

C: chairman

M: member

E.C.: executive committee

% E.C.: presence, in terms of percentage, of the director in the executive committee meetings

R.C.: remuneration committee

% R.C.: presence, in terms of percentage, of the director in the remuneration committee meetings

C.I.C.: committee for internal control

% C.I.C.: presence, in terms of percentage, of the director in the meetings of the internal control committee

C.T.R.P.: committee for transactions with related parties

% C.T.R.P.: presence, in terms of percentage, of the director in the meetings of the committee for transactions with related parties

The following table shows the details for the other offices (in companies as in the Legend):

Director	Companies in which the office is held	Office held
Marco Pescarmona*	Alma Ventures S.A.	Director
	Guderian S.r.l.	Director
	Konutkredisi Com Tr Danismanlik A.S.	Director
Alessandro Fracassi*	Alma Ventures S.A.	Director
	Casper S.r.l.	Director
	Konutkredisi Com Tr Danismanlik A.S.	Director
Fausto Boni	Newlisi S.p.A.	Director
	Jettable Ltd	Director
	NSE Industry S.p.A.	Director
Andrea Casalini	Buongiorno S.p.A.	CEO
Matteo De Brabant	Jakala Group S.p.A.	CEO
	Jakala Events S.p.A.	Vice President
	Jakala eBusiness S.r.l.	Vice President
	Jakala Marketing Solutions S.p.A.	Vice President
	Akela S.r.l.	CEO
	Between S.p.A.	Director
	Hotelyo S.r.l.	Vice President
	Arimo società cooperativa sociale onlus	Vice President
Daniele Ferrero	Venchi S.p.A.	Chairman
Alessandro Garrone	ERG S.p.A.	Director
	Banca Passadore & C.	Director
	Unione Petrolifera	Vice President, Member of Council, Member of the Managing Board
Paolo Vagnone	Sciens International S.A.	Director
Marco Zampetti	MutuiOnline S.p.A.**	Director
	CreditOnline Mediazione Creditizia S.p.A.*	Director
	Centro Finanziamenti S.p.A.**	Director
	cercassicurazioni.it S.r.l.**	Director
Giuseppe Zocco	Privalia Venta Directa S.L.	Director
	Adconion Plc	Director
	RPX Corporation	Director
		Director

** For the other offices of the Executive directors inside the companies hald by Gruppo MutuiOnline S.p.A. please refer to Table 5*
*** Companies held by Gruppo MutuiOnline S.p.A.*

Table 4

The following table shows the details of the offices held by the executive directors in the companies held by Gruppo MutuiOnline S.p.A.:

Company	Alessandro Fracassi	Marco Pescarmona
MutuiOnline S.p.A.	CEO	Chairman
CreditOnline Mediazione Creditizia S.p.A.	CEO	Chairman
Centro Finanziamenti S.p.A.	Chairman	CEO
Centro Istruttorie S.p.A.	Chairman	CEO
Finprom S.r.l.	-	-
Centro Perizie S.r.l.	Director	Chairman
Effelle Ricerche S.r.l.	Chairman	CEO
PP&E S.r.l.	CEO	Chairman
Cercassicurazioni.it S.r.l.	Director	Chairman*
Quinservizi S.p.A.**	Chairman	CEO
Key Service S.r.l.**	Chairman	CEO
EuroServizi per i Notai S.r.l.***	Director	Director

** Chairmain without operating powers*
*** Quinservizi S.p.A. and KeyService S.r.l. were purchased in December 2011 and their incomes were not consolidated in 2011*
**** Associated company*

Table 5

STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

BOARD OF STATUTORY AUDITORS

Office	Name	In charge since	In charge until	List	Indip. TUF	% B.S.A.	Other offices
Chairman	Fausto Provenzano	May 25, 2006	Approval annual report 2011	Only	X	100%	24
Active member	Paolo Burlando	May 25, 2006	Approval annual report 2011	Only	X	100%	28
Active member	Francesca Masotti	August 28, 2008	Approval annual report 2011	Only	X	100%	10
Substitute member	Giuseppe Ragusa	April 23, 2009	Approval annual report 2011	Only	N/A		
Substitute member	Marco Cervellera	April 23, 2009	Approval annual report 2011	Only	N/A		

STATUTORY AUDITORS CEASED DURING THE RELEVANT YEAR

No statutory auditors ceased to hold the office during the year

Required shareholding for the submission of the list on the occasion of the last appointment: 2,5%

Number of meetings done during the relevant year: 7

Table 6

Legenda:
% B.S.A..: the presence, in terms of percentage, of the statutory auditor in the board of statury auditors meetings
Other offices: offices in other companies as per Book V, Title V, Clauses V, VI and VII of the civil code

6. REPORT OF THE BOARD OF STATUTORY AUDITORS

<u>**Gruppo MutuiOnline S.p.A.**</u>

Registered office: Via F. Casati 1/A – 20124 Milan

Share capital: Euro 1,000,000.00 fully paid-up

Company registry – Milan office, N. 05072190969

* * *

REPORT OF THE BOARD OF STATUTORY AUDITORS

TO THE ANNUAL SHAREHOLDERS' MEETING

(Art. 153 of Law Decree 24/2/1998 n. 58 and Art. 2429, par. 2, civil code)

Kind shareholders,

this report refers to the execution of the functions and activities attributed to this board of statutory auditors in compliance with art. 149 and following of Law Decree 24/02/1998 n. 58; it follows the base scheme suggested by CONSOB with communication n. 1025564 of April 6, 2001, and subsequent amendments.

The supervision required by law has been regularly performed, observing both the principles of conduct of the board of statutory auditors in listed companies issued by the National Council of Accounting Experts, and the recommendations and communications of CONSOB.

* * *

1.0. Reflections on the most significant economic and financial operations and facts carried out by the Company and their compliance with the law and the articles of association

Gruppo MutuiOnline S.p.A. is the holding company of a group of financial services firms, active in the Italian market for the distribution of retail credit and insurance products and in the Italian market for the provision of outsourcing services for the origination of loans by banks and financial intermediaries.

The Company, during the financial year ended December 31, 2011, has correctly carried out its activity of direction and coordination of the operating subsidiaries.

In the initial part of the Report on Operations for the Consolidated Financial Statements for 2011, the directors provide detailed and complete information on the type of activities carried out by the controlled companies, organized by business specialization, and on the corporate structure of the group (par. 2.2 Group Organization).

The board of statutory auditors, with the sole purpose of recapitulating and making its Report self-standing, reminds that the business of the group is structured in two divisions, (a) the Broking Division, which operates in the distribution of mortgages and consumer credit and insurance products and (b) the BPO (Business Process Outsourcing) Division that operates as an outsourcer of commercial and processing activities for mortgages and employee loans for retail lenders.

During the financial year under examination, no other operations of relevance have been performed that should be mentioned or commented in this context, as well as no other operations, clearly imprudent or bold, in potential conflict of interest, in contrast with the resolutions of the shareholders' meeting or able to compromise the integrity of the company's assets, were performed. Just as a reminder, as already mentioned by the Directors in the relevant paragraphs of their report, we summarize that:

- the consolidation area as of December 31, 2011 has changed compared to the financial year ended December 31, 2010 with the acquisition, on December 16, 2011, of a 75% stake in the company Quinservizi S.p.A. and his fully controlled subsidiary Key Service S.r.l.: Quinservizi S.pA. and his subsidiary are active in the provision of outsourcing services for employee loan portfolios; the consideration of the acquisition was equal to Euro 4.5 million and generated a provisional goodwill equal to Euro 4.3 million; in 2012 the recognition and the allocation of the goodwill will be done.

With respect to all the points mentioned and, more generally, to the overall operations, the board of statutory auditors recognizes that during the financial year it has always received in a timely manner the information needed to be aware of and understand the development of the above mentioned and of the other operations which are illustrated in the Reports prepared by the board of directors.

2.0. Unusual or atypical operations

Not occurred.

2.1. Unusual or atypical operations with related parties

Not occurred (please refer to note 36).

2.2. Unusual or atypical operations with third parties or with group companies

Not occurred.

2.3. Ordinary intra-group or related party operations

The company, in accordance with the "Code of Conduct of Borsa Italiana S.p.A.", approved the adoption fo the principles of conduct concerning the transactions with related parties. The board of directors, on November 11, 2010, adopted a new "Related Parties Procedure", to comply with the Consob resolution no. 17221 of March 12, 2010, and subsequent amendments

In the Report on Operations, in the separated and consolidated financial reports the Directors have provided adequate disclosure regarding ordinary intra-group or related party operations. These operations particularly refer to commercial transactions related to intra-group purchases and sales for direction services and interests accrued in the scope of the cash pooling activity supplied by the holding and outsourcing services supplied by some of the companies of the Group.

The board of statutory auditors has periodically verified during the financial year that intra-group transactions or related party transactions are executed in compliance with the above mentioned procedure, and, in any case, based on regular contracts prepared according to normal market standards and at arm's length conditions. The intra-group operations examined by the board of statutory auditors have been found satisfactory, in the best interest of the Company and the group controlled by the Company, as well as correctly justified and documented.

3.0. Evaluation of the adequacy of the information provided by the Directors on atypical or unusual operations

As no atypical or unusual operations have occurred, we do not perform any evaluation.

4.0. Remarks on Auditors' qualifications

The independent auditor released on March 30, 2012 its own report on the separated and consolidated financial reports; the auditor's report does not contain any remark or call of information.

5.0. Denunciations pursuant to article 2408 of the civil code

Not occurred.

6.0. Complaints presented

Not occurred.

7.0. Further assignments to the Auditors

Please refer to the relevant table in note 37 of the consolidated annual report.

8.0. Assignments granted to other parties related to the Auditors

Please refer to the relevant table in note 37 of the consolidated annual report.

9.0. Opinions issued in compliance with law requirements

During the financial year 2011 the board of statutory auditors released:

- A clean opinion pursuant to article 2386 of the civil code:
  - concerning the total annual compensation, equal to Euro 20,000 (Euro 10,000 for the chairman and Euro 5,000 for any other member) for the members of the remuneration and share incentive committee;
  - concerning the total annual compensation, equal to Euro 40,000 (Euro 20,000 for the chairman and Euro 10,000 for any other member) for the members of the internal control committee;
  - concerning the total annual compensation, equal to Euro 4,000 (Euro 2,000 for the chairman and Euro 1,000 for any other member) for the members of the committee for transactions with related parties;

10.0. Frequency of the meetings of the board of directors and of the board of statutory auditors

The statutory auditors, during 2010, held 7 board meetings and, in addition, participated to 5 meetings of the board of directors, to 3 meetings of the committee for the internal control, to 1 meeting of the remuneration committee and 1 shareholders' meeting, occurring in ordinary form.

11.0. Remarks on compliance with the principles of fair administration

The board of statutory auditors has informed itself and supervised on the respect of the principles of fair administration. This has occurred through the participation to the meetings of the board of directors and to the meetings of the committee for internal control, one-on-one meetings with the Directors, direct observation and inquiries, collection of information from the managers in charge of business functions, meetings with the Auditor Company also aimed at reciprocal exchange of data and information relevant according to article 150, paragraph 2, of the Consolidated Law on Finance.

The activity of the board of statutory auditors has been aimed at controlling the legitimacy of the management choices of the Directors and their compliance, in the formation process, with criteria of economic and financial logic, according to the best practice advices. Furthermore this activity was performed without any control on the appropriateness and profitability of the same choices.

The board of statutory auditors has verified that typical and usual operations, as well as the most significant ones, were not extraneous to the company's objectives, in contrast with the Articles of Association or in conflict of interest, even if only potential, and also that they could not compromise the integrity of the Company's capital or, anyway, patently imprudent or risky. The board of statutory auditors has also verified that they were not executed in contrast with the resolutions of the governing bodies or harmful to the rights of individual shareholders or minorities.

We have also made sure that the decisions of the board of directors on the most significant operations were assisted by the usual inquiries, in-depth analysis, control, possible acquisition of opinion and valuation of independent advisors, suggested by the best practice regarding the economic and financial correctness and their coherence with the interest of the Company.

There were no remarks regarding the respect of the principles of fair administration.

12.0. Remarks on the adequacy of the organizational structure

The board of statutory auditors has acquired information and supervised on the adequacy of the organizational structure of the Company through direct observations, interviews, collection of information from the business functions of the company, and meetings with the subjects in charge of internal and external auditing.

During the financial year, the board of statutory auditors has supervised, together with the independent auditor and the committee for the internal control, on the possibility of organizational/managerial problems that could derive from defects of organization; no instances worth mentioning in this report have arisen.

The organizational structure is periodically updated for the requirements from time to time expressed; the statutory auditors are periodically informed about the changes in the most important positions.

The assessment of the organizational structure has confirmed, overall, its reliability.

The system of powers in force is based on a split by nature of the different kinds of acts and operations as well as by means of maximum amounts for the implementation of the various types of acts of management.

13.0. Remarks on the adequacy of the internal control system

The board of statutory auditors has supervised on the adequacy of the internal control system, directly by means of meetings with the Group's CFO, also manager in charge of the internal control system, and with the Responsible of Internal Audit, of the participation to the meetings of the committee for internal control and of periodic meetings with the independent auditor, concluding that the system has not displayed any significant problems or other facts worth highlighting in this report.

Regular meetings of the board of statutory auditors with the chief financial officer and with the Committee for internal control have allowed the Board to effectively follow the evolution of this business function and the results of the activities performed. These meetings also allowed the statutory auditors to coordinate, with the committee for internal control itself, the execution of their own functions of "Committee for Internal Control and Audit" assumed following the enforcing of article 19 of the legislative decree n. 39/2010 and, specifically, supervise (i) on the financial information process and (ii) on the efficacy of the internal control, internal audit and risk management systems.

From the analyses and the controls performed, relative to the areas and the business functions interested by the activity of internal control, we derive a judgment of overall fairness and reliability of the internal control system.

In practice, we have not identified any relevant weaknesses of the system, therefore, even in its process of continuous evolution and improvement, the system has proven to be reliable.

During the financial year, the statutory auditors were also informed on the supervising and updating activity concerning the Organizational Model pursuant to the legislative decree 231/01 adopted by the company and its actual application.

A specific paragraph of the report on operations shows the main risks factors that affect the company; in addition, the report on corporate governance gives fully disclosure on the activities done for the risk management related to the financial reports, particularly referring to the provisions of the Law 262/05.

14.0. Remarks on the adequacy of the accounting management system

The holding, during the financial year 2011, performs for the other Italian companies of the group, with the exception of EuroServizi per Notai S.r.l., all accounting and administrative services. The assessment of the system is positive; specifically, we believe that the accounting system is able to correctly represent business activity.

The accounting management system has exhibited good performance: in particular we consider the accounting management system capable to represent correctly the operations.

The board of statutory auditors is regularly kept up do date on the functioning of the existing system by the person in charge of the accounting department.

15.0. Remarks on the adequacy of instructions to controlled companies (art. 114 TUF)

The board of statutory auditors has been informed of the instructions given to controlled companies pursuant to article 114, paragraph 2, Unified Code of Finance and has found them satisfactory for the purpose of fulfillment of legal obligations.

The deliberate continuity in the names of the components of the boards of directors and of the boards of statutory auditors of the group companies facilitates, in fact, those control functions by providing timely information and coordination of the instructions given by the controlling company.

16.0. Relevant facts emerged during the meetings with the auditors (art. 150 TUF)

During the financial year under review, we have had regular interactions with the independent auditors, with whom we have established a beneficial relationship regarding the exchange of data and information, also, and above all, considering the function assumed by the statutory auditors, directly following the enforcing of article 19 of the legislative decree n. 39/2010, as "Committee for Internal Control and Audit"

In practice, the relationship with the external auditors has taken place both through formal meetings also with the participation of the Company and with informal contacts between individual Statutory Auditors and representatives of the Auditor Company, during which we dwelled particularly upon (i) the legal audit activities an the annual and consolidated accounts and (ii) the aspects related to the independence of the auditing firm, referring particularly to the services supplied different from the audit.

Also with respect to the preparations for the annual report and the consolidated financial statements, no facts have been found worth mentioning in this report; in particular, the auditors have not informed the board of statutory auditors of any criticalities or weaknesses relevant enough to affect the reliability of the process leading to the preparation of the financial statements.

Finally the statutory auditors acknowledge that the Independent Auditor on March 30, 2012 presented to the board of the statutory auditors the opinion pursuant to article 19 co. 3 of the legislative decree 39/2010, highlighting that during the audit activities no fundamental issues or significant deficiencies of the internal control system related to the financial information process emerged.

17.0. Adhesion to the Code of Conduct

The Company has adhered to the principles established by Code of Conduct sponsored by Borsa Italiana S.p.A. and the meeting of the board of directors on March 14, 2012 has approved the annual report on corporate governance and on the ownership.

Just as a reminder, we point out that (i) within the board of directors operate, with advisory responsibilities, the Internal Control Committee, the Remuneration and Share Incentive Committee and the Committee for Transactions with Related Parties; regarding role, tasks and functioning we refer to the specific paragraph of the Report of the board of directors on Corporate Governance; (ii) within the board of directors works also the executive committee with specific operative powers; the executive committee is now composed by two executive directors, Marco Pescarmona and Alessandro Fracassi; (iii) the board of directors has identified in the Chairman of the Board the director in charge of overseeing the functionality of the internal control system; (iv) the board of directors identified Paolo Vagnone as lead independent director; (v) the company has set up specific procedures relating to:

- operations with related parties;
- the functioning of Ordinary, Extraordinary and Special Shareholders' meeting; Rules for the Shareholders' Meetings;

- adoption of the "Handbook on market and privileged information abuse" containing, among other things, the procedure for outside communication of confidential price sensitive information, updated based on the regulations on the subject of "market abuse";

- the information duties concerning financial transactions performed by "relevant subjects" (new procedure on internal dealing) also keeping into account the new regulations on the subject of "market abuse".

The board of statutory auditors has verified the exact application of the criteria adopted by the board of directors to assess the independence of its non-executive members as well as the exact application of the relevant verification procedures. The board of statutory auditors also evaluated, positively, the independence of its own members. Following such checks, therefore, there are no remarks from the board of statutory auditors.

18.0. Final remarks on supervisory activity

The board of statutory auditors has confirmed the existence, in general, of an appropriate an adequate organizational structure of the Company, such as to ensure the respect of regulations and the exact and timely execution of any related duties.

Such overall control – as reported above – has also been coordinated and integrated with:

- specific contributions and activities aimed at verifying the respect of the law and of the articles of association;

- the participation to the meetings of the governing bodies of the Company;

- the acquisition of information relating the controls and the supervision performed by the Auditor Company and the Supervisory Body pursuant legislative decree 231/01;

- the collection of further information in meetings – also occasional – with the Directors, the General Management, the administrative, finance and control function, responsible of the internal audit function, the Internal Control Committee and the Managers in charge of the various business functions;

- the analysis, performed together with the Company, of any new regulations or communications issued by CONSOB of interest to the Company.

In this way, we have been able to verify the presence of the organizational and technical pre-requisites for the respect, in practice, of the articles of association, laws and regulations that control the functioning of the bodies and business activities of the Company.

19.0. Possible proposals to be presented to the Shareholders' meeting (art. 153 TUF)

The board of statutory auditors confirms that it has overseen the application of the laws and regulations regarding the preparation of the 2011 annual report of the holding as well as of the 2011 consolidated annual report and regarding their filing and on the respect of the duties of the Directors and the Auditor Company on this subject.

The annual report submitted to Your examination and the consolidated financial report reflect the operations of the Company in 2010 and contain an exhaustive analysis of the situation and of the operating result, as well as a description of the main risks and uncertainties to which the Company and the Group are exposed, with a sole illustration of the financial and economic situation, shown in detail by the board of directors in the "Report on Operations" and in the "Illustrative Notes"; the "Report on Operations" is consistent with the consolidated annual report.

* * *

Based on the controls directly performed and the information exchanged with the Auditor Company, also taking into account its Report pursuant to article 156 of Law Decree 58/1998, which provides an unqualified opinion, taking into account that the Directors have not taken advantage of the exemption from article 2423, paragraph 4, of the civil code, we have neither remarks nor proposal concerning the Financial Statements, the Report on Operations and the proposed allocation of the income of the year which, as a consequence and for what concerns us, are subject to your approval.

Milan, March 30, 2012

FOR THE BOARD OF STATUTORY AUDITORS

Fausto Provenzano	Chairman of the board of statutory auditors
Paolo Burlando	Active statutory auditor
Francesca Masotti	Active statutory auditor

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010

To the Shareholders of
Gruppo MutuiOnline SpA

1. We have audited the consolidated financial statements of Gruppo MutuiOnline SpA and its subsidiaries ("Gruppo MutuiOnline") as of 31 December 2011 which comprise the statement of financial position, separate income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes. The directors of Gruppo MutuiOnline SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference is made to our report dated 29 March 2011.

3. In our opinion, the consolidated financial statements of Gruppo MutuiOnline as of 31 December 2011 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of the Gruppo MutuiOnline for the year then ended.

4. The directors of Gruppo MutuiOnline SpA are responsible for the preparation of a report on operations and a report on corporate governance and ownership structure in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the report on corporate governance and ownership structure, with the financial statements, as required by law.

PricewaterhouseCoopers SpA

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For this purpose, we have performed the procedures required under Italian Auditing Standard 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the report on corporate governance and ownership structure are consistent with the consolidated financial statements of Gruppo MutuiOnline SpA as of 31 December 2011.

Milan, 30 March 2012

PricewaterhouseCoopers SpA

Signed by

Francesco Ferrara
(Partner)

This report has been translated into the English language from the original which was issued in Italian, solely for the convenience of international readers. We have not examined the translation of the financial statements referred to in this report.

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010

To the Shareholders of
Gruppo MutuiOnline SpA

1. We have audited the separate financial statements of Gruppo MutuiOnline SpA as of 31 December 2011 which comprise the statement of financial position, separate income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes. The directors of Gruppo MutuiOnline SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005. Our responsibility is to express an opinion on these separate financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the separate financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference is made to our report dated 29 March 2011.

3. In our opinion, the separate financial statements of Gruppo MutuiOnline SpA as of 31 December 2011 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of Gruppo MutuiOnline SpA for the year then ended.

PricewaterhouseCoopers SpA

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4. The directors of Gruppo MutuiOnline SpA are responsible for the preparation of a report on operations and a report on corporate governance and ownership structure in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the report on corporate governance and ownership structure, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the report on corporate governance and ownership structure are consistent with the separate financial statements of Gruppo MutuiOnline SpA as of 31 December 2011.

Milan, 30 March 2012

PricewaterhouseCoopers SpA

Signed by

Francesco Ferrara
(Partner)

This report has been translated into the English language from the original which was issued in Italian, solely for the convenience of international readers. We have not examined the translation of the financial statements referred to in this report.

8. DECLARATION PURSUANT TO ART. 154-BIS PAR. 5 OF LAW DECREE 58/1998

The undersigned Marco Pescarmona and Francesco Masciandaro, respectively chairman of the Board of Directors and manager in charge of preparing the accounting documents of Gruppo MutuiOnline S.p.A., hereby certify, taking into account the provision of art. 154-bis, paragraph 3 and 4, of Law Decree n. 58 dated February 24, 1998:

- the adequacy in relation to the features of the company; and
- the actual application of the administrative and accounting procedures for the preparation of the annual report and the consolidated annual report as of and for the year ended December 31, 2011.

In this respect no relevant issues have arisen, such as anomalies or problems that could alter the information presented in this document or such modify the judgment of its readers.

Besides, we certify that:

1. the annual report and the consolidated annual report:

    1.1 correspond to the results of the accounting books and book entries;

    1.2 they are prepared in accordance with IFRS, understood as the International Financial Reporting Standards, the International Accounting Standards ("IAS"), the interpretations of the International Financial Reporting Interpretation Committee ("IFRIC"), previously denominated Standing Interpretations Committee ("SIC"), as adopted by the European Commission as of December 31, 2011 and published in the EU regulations as of this date;

    1.3 they are appropriate to give a true and fair representation of the financial and economic situation of the Issuer and of all the companies included in the scope of consolidation.

2. The directors' report on operations contains a reliable analysis about the state and the results of the operations, as well as a situation of the Issuer and of the group of companies included in the scope of consolidation, together with a descriptions of the main risks and uncertainties to which they are exposed.

Milan, March 14, 2012

For the Board of Directors The Chairman (Ing. Marco Pescarmona)	The Manager in charge of preparing the accounting statements (Dott. Francesco Masciandaro)