ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2010

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)
	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
	Paolo Vagnone

Remuneration Committee

Chairman	Paolo Vagnone
	Alessandro Garrone
	Andrea Casalini

(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, 2010

2. DIRECTORS' REPORT ON OPERATIONS

2.1. Introduction

Gruppo MutuiOnline S.p.A. ("Gruppo MOL S.p.A." or "MOL Holding 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 (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

The Group is today a leading retail credit and insurance broker through remote channels and a leading provider of credit-related outsourcing services to lenders in Italy.

The Group's vision is to be the most innovative player in capturing the opportunities stemming from the development of its referring markets, leveraging on technology, organization, independency and superior execution.

As of December 31, 2010, Gruppo MutuiOnline S.p.A. (the "**Company**" or the "**Issuer**") operated through 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.** and **Finprom S.r.l.** (a company with registered office in Arad, Romania,): 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;

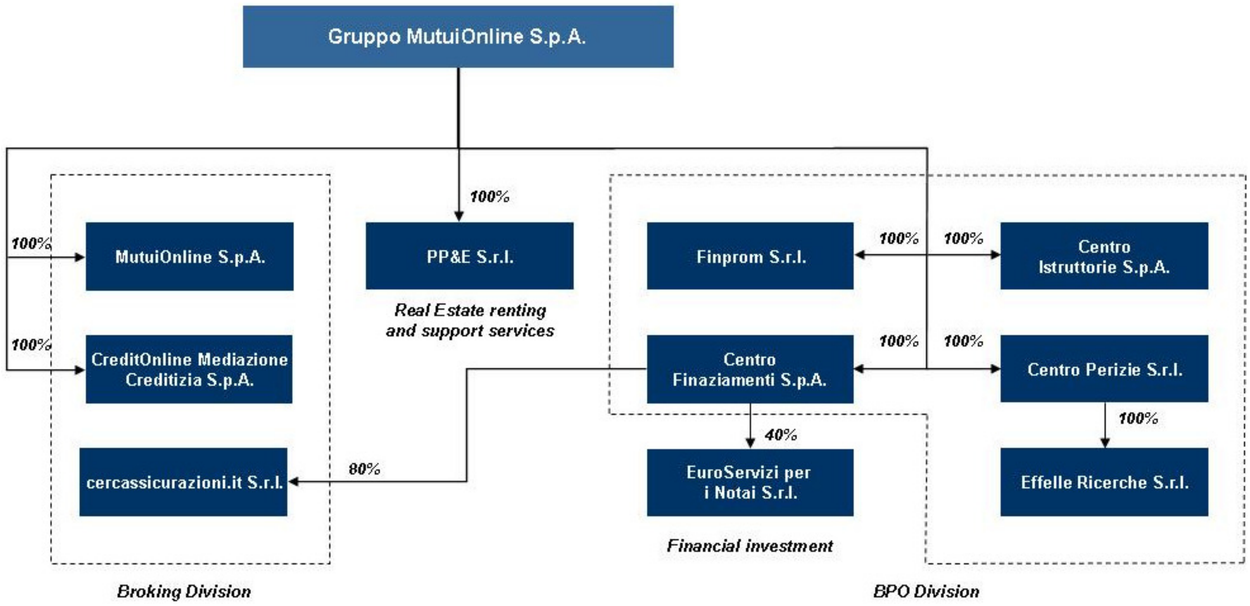
- **PP&E S.r.l.**: offering real estate renting and support services to the other Italian subsidiaries of the Issuer.

On July 28, 2010, the Group purchased 100% of the ordinary share capital of Effelle Ricerche S.r.l. at a total cost of Euro 600 thousand, through Centro Perizie S.r.l., fully controlled by the Issuer and established on July 16, 2010 with a share capital of Euro 10 thousand. Effelle Ricerche S.r.l. is active in the provision of real estates valuation services.

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.. It should be noted that the participation in cercassicurazioni.it S.r.l., originally of a financial nature, acquired in the course of the financial year a strategic importance for the Group.

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 establishment of Centro Perizie S.r.l. and the acquisition of Effelle Ricerche S.r.l., as previously mentioned, the consolidation area as of December 31, 2010 has changed compared to the financial year ended December, 31, 2009.



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, 2010. The income statement and the cash flow data for the year ended December 31, 2010 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, 2009.

The following table shows the consolidated income statements of the Group for the years ended December 31, 2010 and 2009, together with the percentage weight of each item on the Group revenues.

	Years ended on				
(euro thousand)	**December 31, 2010**	**(a)**	**December 31, 2009**	**(a)**	**Change %**
Revenues	53,430	100.0%	47,877	100.0%	11.6%
of which					
Broking Division	*32,803*	*61.4%*	*31,676*	*66.2%*	*3.6%*
BPO Division	*20,627*	*38.6%*	*16,201*	*33.8%*	*27.3%*
Other income	588	1.1%	404	0.8%	45.5%
Capitalization of internal costs	349	0.7%	349	0.7%	0.0%
Services costs	(15,118)	-28.3%	(11,875)	-24.8%	27.3%
Personnel costs	(13,352)	-25.0%	(12,946)	-27.0%	3.1%
Other operating costs	(2,568)	-4.8%	(1,560)	-3.3%	64.6%
Depreciation and amortization	(1,289)	-2.4%	(1,153)	-2.4%	11.8%
Impairments of intangible assets	-	0.0%	(154)	-0.3%	N/A
Operating income	**22,040**	**41.3%**	**21,096**	**44.1%**	**4.5%**
Financial income	443	0.8%	266	0.6%	66.5%
Financial expenses	(265)	-0.5%	(265)	-0.6%	0.0%
Income/(losses) from participations	55	0.1%	-	0.0%	N/A
Net income before income tax expense	**22,273**	**41.7%**	**21,097**	**44.1%**	**5.6%**
Income tax expense	(6,953)	-13.0%	(6,576)	-13.7%	5.7%
Net income	**15,320**	**28.7%**	**14,521**	**30.3%**	**5.5%**

(a) *% of total revenues*

Revenues for the year ended December 31, 2010, are Euro 53,430 thousand, up 11.16% 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, 2010, services costs increase by 27.3% compared to the financial year ended December 31, 2009: 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 costs for technical, legal and administrative consultancies.

Personnel costs increase by 3.1%, with a slower growth than revenues compared to the financial year ended December 31, 2009. This moderate growth of personnel costs despite revenue growth is due to a recovery in efficiency of the BPO Division, which in 2009 had operated in overcapacity conditions, and also to the absence in the second half of the financial year of the costs related to the previous stock option plan.

The following table provides information about the average headcount for the financial years ended December 31, 2010 and 2009:

	Years ended	
	December 31, 2010	**December 31, 2009**
Managers	8	6
Supervisors	10	11
Employees	579	510
Professional collaborators and project workers	1	1
Average headcount	**598**	**528**
Headcount in Italy	368	341
Headcount in Romania	230	187

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, 2009, except for the fact that also MutuiOnline S.p.A. has been notified of a request to pay presumed contribution arrears, which has been temporarily suspended following the opposition of the company.

Other operating costs show a significant increase compared to the financial year ended December 31, 2009 due to the growth of non-deductible VAT costs, to provisions for risks and to an extraordinary provision for bad debts.

Depreciation and amortization record a slight increase for the financial year ended December 31, 2010, compared to the previous financial year, in line with the increasing operating activity of the Group.

Financial income for the year ended December 31, 2010, shows a positive balance, up compared to the substantial break-even of the previous financial year. The Group shows financial income for the interest generated by the available liquidity and for the net income deriving from the currency exchange gains of the foreign subsidiary, only partially offset by interest expenses on the current bank loans.

Finally, it is worth pointing out that the effective tax rate on taxable income does not present any substantial variations compared to the effective tax rate of the previous financial year.

2.3.1. Revenues

The table below provides a breakdown of our revenues by Division and Business Line, for the years ended December 31, 2010 and 2009

	Years ended on				
(euro thousand)	**December 31, 2010**	**(a)**	**December 31, 2009**	**(a)**	**Change %**
MutuiOnline Business Line	19,979	37.4%	19,333	40.4%	3.3%
PrestitiOnline Business Line	10,571	19.8%	10,188	21.3%	3.8%
CreditPanel Business Line	1,603	3.0%	2,136	4.5%	-25.0%
Cercassicurazioni Business Line	650	1.2%	19	0.0%	N/A
Total revenues of the Broking Division	**32,803**	**61.4%**	**31,676**	**66.2%**	**3.6%**
FEC Business Line	3,890	7.3%	3,871	8.1%	0.5%
CEI Business Line	11,465	21.5%	7,273	15.2%	57.6%
CLC Business Line	5,272	9.9%	5,057	10.6%	4.3%
Total revenues of the BPO Division	**20,627**	**38.6%**	**16,201**	**33.8%**	**27.3%**
Total revenues	**53,430**	**100.0%**	**47,877**	**100.0%**	**11.6%**

(a) *Percentage of total revenues.*

Broking Division

Revenues of the Broking Division increase from Euro 31,676 thousand in the financial year ended December 31, 2009 to Euro 32,803 thousand in the financial year ended December 31, 2010 (+3.6%).

With reference to the financial year ended December 31, 2010, the revenues of the Broking Division are attributable for 60.9% to the MutuiOnline Business Line, for 32.2% to the PrestitiOnline Business Line, for 4.9% to the CreditPanel Business Line and for the remaining 2.0% to the Cercassicurazioni Business Line.

It is worth highlighting that the Group, in the full year 2010, brokered mortgages for slightly less than Euro 2 billion. About 30% of the brokered volumes are represented by remortgage *("surroga")*.

MutuiOnline Business Line

Revenues of the MutuiOnline Business Line grow from Euro 19,333 thousand in 2009 to Euro 19,979 thousand in 2010 (+3.3%) as a result of a slight decrease of brokered mortgage volumes, more than compensated by the one-off revenue impact, equal to Euro 1,029 thousand, of some contractual changes with one of our clients.

PrestitiOnline Business Line

Revenues of the PrestitiOnline Business Line increase from Euro 10,188 thousand in the year ended December 31, 2009 to Euro 10,571 thousand in the year ended December 31, 2010 (+3.8%), in line with the increase in the volumes of personal loans brokered.

CreditPanel Business Line

Revenues of the CreditPanel Business Line decrease from Euro 2,136 thousand in financial the year ended December 31, 2009 to Euro 1,603 thousand in the financial year ended December 31, 2010 (-25.0%), a contraction caused by the combined effect of lower brokered volumes and lower percentage commissions.

Cercassicurazioni Business Line

Revenues of the Cercassicurazioni Business Line grow from Euro 19 thousand in the financial year ended December 31, 2009 to Euro 650 thousand in the financial year ended December 31, 2010, as volumes of brokered contracts registered a first significant increase.

BPO Division

Revenues of the BPO Division increase from Euro 16,201 thousand in the financial year ended December 31, 2009 to Euro 20,627 thousand in the financial year ended December 31, 2010 (+27.3%).

In the financial year ended December 31, 2010, we highlight a wider distribution of the BPO Division revenues on a larger number of clients. As regards the current client portfolio, a financial institutions acquired as a client in late 2009 has become the main client of the Division, with an incidence on total revenues equal to 27.3%, however down from 30.3% recorded by the main client of the Division in 2009.

The increase of revenues is mainly due to the sustained growth of revenues in the CEI Business Line.

FEC Business Line

Revenues of the FEC Business Line increase from Euro 3,871 thousand in the financial year ended December 31, 2009 to Euro 3,890 thousand in the financial year ended December 31, 2010 (+0.5%).

CEI Business Line

Revenues of the CEI Business Line increase from Euro 7,273 thousand in the financial year ended December 31, 2009 to Euro 11,465 thousand in the financial year ended December 31, 2010 (+57.6%), 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 increase from Euro 5,057 thousand in the financial year ended December 31, 2009 to Euro 5,272 thousand in the financial year ended December 31, 2010 (+4.3%).

2.3.2. Operating income (EBIT)

Operating income (EBIT) increase from Euro 20,942 thousand in the financial year ended December 31, 2009 to Euro 22,040 thousand in the financial year ended December 31, 2010 (+5.2%) as detailed in the following table.

(euro thousand)	Years ended on December 31, 2010	(a)	December 31, 2009	(a)	Change %
Operating income	22,040	41.3%	20,942	43.7%	5.2%
of which					
Broking Division	*18,618*	*56.8%*	*19,449*	*61.4%*	*-4.3%*
BPO Division	*3,422*	*16.6%*	*1,493*	*9.2%*	*129.2%*

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

The operating income margin for the financial year ended December 31, 2010 is 41.3% of revenues, slightly down compared to the operating income margin for the financial year ended December 31, 2009. The operating income margin of the Broking Division increased slightly compared to the previous year. 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, when, even in the presence of a slowdown in the operating activity, headcount was not reduced following the decision to maintain and enhance, in some specific areas, the operating capacity in view of the launch and ramp-up of some new outsourcing contracts.

The ROI (Return on Investments) for the year ended December 31, 2010, defined as the ratio between EBIT of the period and total assets at the end of the period, is equal to 49.2% (46.1% in the year ended December 31, 2009).

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, 2010 and 2009:

(euro thousand)	Years ended on December 31, 2010	December 31, 2009	Change	%
Net income	15,320	14,367	953	6.6%
Income tax expense	6,953	6,576	377	5.7%
Income/(losses) from participations	(55)	-	(55)	N/A
Financial expenses	265	265	-	0.0%
Financial income	(443)	(266)	(177)	66.5%
Impairments of intangible assets	-	154	(154)	-100.0%
Depreciation and amortization	1,289	1,153	136	11.8%
EBITDA	**23,329**	**22,249**	**1,080**	**4.9%**

EBITDA increase in the financial year ended December 31, 2010, passing from Euro 22,249 thousand in the financial year ended December 31, 2009 to Euro 23,329 thousand in 2010 (+4.9%).

2.3.4. Net income

Net income increases in the financial year ended December 31, 2010, passing from Euro 14,367 thousand in the financial year ended December 31, 2009 to Euro 15,320 thousand in the financial year ended December 31, 2010 (+6.6%), showing a similar trend compared to the operating income.

For the financial year ended December 31, 2010, 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 49.2% (47.1% in the financial year ended December 31, 2009).

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, 2010 and 2009.

(euro thousand)	As of December 31, 2010	As of December 31, 2009	Change	%
A. Cash and cash equivalents	10,620	27,026	(16,406)	-60.7%
B. Other cash equivalents	-	-	-	N/A
C. Securities held for trading	10,879	-	10,879	N/A
D. Liquidity (A) + (B) + (C)	**21,499**	**27,026**	**(5,527)**	**-20.5%**
E. Current financial receivables	**-**	**-**	**-**	**N/A**
F. Bank borrowings	(67)	-	(67)	N/A
G. Current portion of long-term borrowings	(666)	(1,214)	548	-45.1%
H. Other short-term borrowings	(197)	(191)	(6)	3.1%
I. Current indebtedness (F) + (G) + (H)	**(930)**	**(1,405)**	**475**	**-33.8%**
J. Net current financial position (I) + (E) + (D)	**20,569**	**25,621**	**(5,052)**	**-19.7%**
K. Non-current portion of long-term bank borrowings	(1,352)	(3,709)	2,357	-63.5%
L. Bonds issued	-	-	-	N/A
M. Other non-current borrowings	(360)	(557)	197	-35.4%
N. Non-current indebtedness (K) + (L) + (M)	**(1,712)**	**(4,266)**	**2,554**	**-59.9%**
O. Net financial position (J) + (N)	**18,857**	**21,355**	**(2,498)**	**-11.7%**

The net financial position as of December 31, 2010 and 2009 shows a positive (i.e. cash) balance, with a slight decrease mainly due to the higher amount of the dividends paid during the financial year ended December 31, 2010.

The Debt/Equity ratio, defined as the ratio between net financial debt and net equity, as of December 31, 2010 is equal to -0.61 (-0.70 as of December 31, 2009).

2.4.1. Current and non-current indebtedness

Current and non-current indebtedness as of December 31, 2010 and 2009 is summarized in the following table.

(euro thousand)	As of December 31, 2010	December 31, 2009	Change	%
Other current bank borrowings	(67)	-	(67)	N/A
Bank borrowings	(2,018)	(4,923)	2,905	-59.0%
Less than 1 year	(666)	(1,214)	548	-45.1%
1 - 5 years	(1,352)	(3,709)	2,357	-63.5%
Finance lease obligations	(557)	(748)	191	-25.5%
Less than 1 year	(197)	(191)	(6)	3.1%
1 - 5 years	(360)	(557)	197	-35.4%
Total financial indebtedness	**(2,642)**	**(5,671)**	**3,029**	**-53.4%**

The non-current indebtedness as of December 31, 2010 is 64.8% of the total financial indebtedness.

Long and medium-term bank borrowings

Bank borrowings as of December 31, 2010, including accrued interest expenses (amounting to Euro 10 thousand) are summarized in the following table:

	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)**

	As of December 31, 2009			
(euro thousand)	Less than 1 year	1 - 5 years	More than 5 years	TOTAL
Loan from Intesa SanPaolo S.p.A.	(1,214)	(3,709)	-	(4,923)
Bank borrowings	**(1,214)**	**(3,709)**	**-**	**(4,923)**

With regards to these borrowings we point out that that on October 4, 2010 the Issuer has prepaid part of the remaining capital for an amount equal to Euro 1,700 thousand.

Short-term bank borrowings and credit lines

Short-term bank borrowings

As of December 31, 2010, the Group had credit lines, not used, in the amount of Euro 1,000 thousand granted by Banca Popolare di Novara S.p.A., not utilized as of December 31, 2010.

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%. As of December 31, 2010 this facility has not been utilized.

Financing lease obligations

In November 2005, PP&E S.r.l. entered into a finance lease agreement with an adjustable rate with Sanpaolo Leasint S.p.A.. The object of this agreement is the purchase of real property located in Cagliari, which houses a large portion of the operations of the Group. During the financial years ended December 31, 2010 and 2009, the effective interest rate paid on this finance lease agreement was 1.6% and 2.6%, respectively.

The following table presents the obligations related to the above mentioned finance lease agreement with Sanpaolo Leasint S.p.A. as of December 31, 2010 and 2009.

	As of December 31, 2010			
(euro thousand)	**Less than 1 year**	**1 - 5 years**	**More than 5 years**	**TOTAL**
SanPaolo Leasint S.p.A.	(197)	(360)	-	(557)
Finance lease obligations	**(197)**	**(360)**	**-**	**(557)**

	As of December 31, 2009			
(euro thousand)	**Less than 1 year**	**1 - 5 years**	**More than 5 years**	**TOTAL**
SanPaolo Leasint S.p.A.	(191)	(557)	-	(748)
Finance lease obligations	**(191)**	**(557)**	**-**	**(748)**

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, 2010 and 2009.

The following table shows a summary of the consolidated statements of cash flows for the financial years ended December 31, 2010 and 2009.

	Years ended on			
(euro thousand)	**December 31, 2010**	**December 31, 2009**	**Change**	**%**
A. Net cash provided by operating activities before the changes of working capital	16,777	17,211	(434)	-2.5%
B. Changes of working capital	(3,495)	(1,857)	(1,638)	88.2%
C. Net cash provided by operating activities (A) + (B)	**13,282**	**15,354**	**(2,072)**	**-13.5%**
D. Net cash used in investing activities	**(11,845)**	**(1,263)**	**(10,582)**	**837.8%**
E. Net cash used in financing activities	**(18,250)**	**(10,896)**	**(7,354)**	**67.5%**
F. Net increase in cash and cash equivalents (C) + (D) + (E)	**(16,813)**	**3,195**	**(20,008)**	**-626.2%**

In the financial year ended December 31, 2010 the Group absorbed liquidity for an amount equal to Euro 16,813 thousand, versus an amount of liquidity equal to Euro 3,195 thousand generated during the financial year ended December 31, 2009. This variation is mainly attributable to the increase of liquidity absorbed by investment and financial activities, as described below.

Cash flow generated by operating activities

Operating activities shows a decrease of cash and cash equivalent generated, passing from Euro 15,354 thousand in the financial year ended December 31, 2009 to Euro 13,282 thousand in the financial year ended December 31, 2010.

This decrease, against a substantially stable operating activity of the Group, is linked predominantly to the increase of net working capital, for the analysis of which please refer to the paragraph 2.4.3.

Cash flows absorbed by investment activities

Investment activities absorbed cash for Euro 11,845 thousand in the financial year ended December 31, 2010 and Euro 1,263 thousand in the financial year ended December 31, 2009. Cash absorption during the financial year ended December 31, 2010 is attributable almost exclusively to the use of available liquidity in short-term financial assets held to maturity for Euro 10,879 thousand. These assets are constituted by low risk senior bonds issued by primary Italian banks, whose maturity date is within the year, and purchased by the Issuer for the management of the liquidity of the Group exceeding short-term financial needs.

Cash flows generated by financial activities

Financial activities absorbed liquidity for Euro 18,250 thousand in the financial year ended December 31, 2010 and Euro 10,896 thousand in the financial year ended December 31, 2009.

The absorption of liquidity in the financial year ended December 31, 2010 is mainly due to the payment of dividends for Euro 13,665 thousand (Euro 7,871 thousand in 2009), to the purchase of own shares for Euro 1,331 thousand (Euro 1,335 thousand in 2009), and to the repayment, partially in advance, of the loan granted by Intesa San Paolo S.p.A. for Euro 2,892 thousand.

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, 2010 and 2009.

	As of			
(euro thousand)	**December 31, 2010**	**December 31, 2009**	**Change**	**%**
Trade receivables	17,077	12,245	4,832	39.5%
Contract work in progress	689	116	573	494.0%
Other current assets and tax receivables	695	445	250	56.2%
Trade and other payables	(5,453)	(3,087)	(2,366)	76.6%
Tax payables	-	(138)	138	-100.0%
Other current liabilities	(2,861)	(2,929)	68	-2.3%
Net working capital	**10,147**	**6,652**	**3,495**	**52.5%**

Net working capital increased thereby absorbing liquidity for Euro 3,495 thousand in the financial year ended December 31, 2010. This trend is mainly linked to the increase of "Trade receivables", only partially offset by the increase of "Trade payables".

"Trade Receivables" show an increase of 39.5%, passing from Euro 12,245 thousand as of December 31, 2009 to Euro 17,077 thousand as of December 31, 2010. This trend is linked both to the increase of trade receivables, influenced particularly by the increase of BPO Divisions' operating activity, and to the recognition of a higher credit for invoices to be issued at the end of the financial year ended December 31, 2010. For this purpose, it is worth pointing out that the Days of Sales Outstanding (DSO) are equal to 115 days for the year ended December 31, 2010 (92 days for the year ended December 31, 2009).

The increase of "Trade Payables" is substantially linked to the increase of operating activities, in particular in the last quarter of the year, and to a more efficient management of payments.

The other components of net working capital do not present any significant variations as of December 31, 2010.

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, 2010**	**Shareholders' equity as of December 31, 2010**	**Net income for the year ended December 31, 2009**	**Shareholders' equity as of December 31, 2009**
Net income and shareholders' equity of the Issuer	**13,622**	**16,134**	**12,965**	**14,931**
Net income and shareholders' equity of the subsidiaries	17,657	30,202	16,775	26,373
Consolidation adjustements				
Elimination of the value of investment in subsidiaries	-	(10,177)	-	(7,172)
Elimination of the dividends from associated companies	(15,721)		(14,982)	-
Own shares purchased by subsidiaries	-	(4,915)	-	(3,584)
Cost of stock options for the personnel of the subsidiaries	(183)	-	(331)	-
Other consolidation adjustments	(55)	190	(60)	290
Consolidated net income and shareholders' equity	**15,320**	**31,434**	**14,367**	**30,838**

Among other consolidation adjustments we also include, for Euro 196 thousand, the effects deriving from the recording of the financial liability versus a minority shareholder emerging from the purchase option for a further stake in cercassicurazioni.it S.r.l..

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, 2010 amount to Euro 349 thousand (Euro 349 thousand in the financial year ended December 31, 2009).

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 April 22, 2010, the shareholders' meeting revoked, for the unused portion, the previous authorization for the purchase and sale of own shares dated April 23, 2009 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 the service of the stock option plan for employees, directors and other personnel of the Group;

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

(c) to support potential strategic transactions;

(d) efficient investment of the liquidity of the Group.

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 operations in the Company's interest;

(c) to allot the own shares purchased to program of distribution, 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) 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) efficient investment of the liquidity of the Group.

However, during the year ended December 31, 2010 the Issuer did not purchased own shares.

As of December 31, 2010 the Issuer had purchased 500,000 shares, equal to 1.265% of ordinary share capital, at a total cost of Euro 2,410 thousand.

During the first months of 2011 the Issuer continued with the execution of the program for the purchase of Issuer's shares and purchased additional 16,598 shares. As of the date of approval of this report, the Issuer holds a total of 516,598 of its own shares, equal to 1.307% of ordinary share capital, purchased at a total cost of Euro 2,493 thousand.

During the financial year ended December 31, 2010 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, had purchased a total of 260,426 shares of the Issuer, equal to 0.659% of ordinary share capital, purchased at a total cost of Euro 1,331 thousand. As of December 31, 2010 subsidiary MutuiOnline S.p.A. held a total 1,104,974 shares of the Issuer, equal to 2,797% of ordinary share capital, purchased at a total cost of Euro 4,340 thousand.

During the first months of 2011 subsidiary MutuiOnline S.p.A. continued with the execution of the program for the purchase of Issuer's shares and purchased additional 133,144 shares. As of the date of approval of this report, subsidiary MutuiOnline S.p.A. holds a total of 1,238,118 shares of the Issuer, equal to 3.134% of ordinary share capital, purchased at a total cost of Euro 4,991 thousand.

It is worth pointing out that as of December 31, 2010 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, purchased at a total cost of Euro 575 thousand.

Summing up, as of December 31, 2010, the Issuer and its subsidiaries held a total of 1,756,496 shares of the Issuer, equal to 4.445% of ordinary share capital, purchased at a total cost of Euro 7,325 thousand. As of the date of approval of this report, the Issuer and its subsidiaries hold a total of 1,906,238 shares of the Issuer, equal to around 4.824% of ordinary share capital, purchased at a total cost of Euro 8,059 thousand.

2.8. Report on corporate governance

For the report on corporate governance please refer to the report approved by the Board of Directors on March 10, 2011 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, 2010.

Name	Office	Shares held as of December 31, 2009	Shares purchased	Shares sold	Shares held as of December 31, 2010	Possession title	Way of possession
Marco Pescarmona	Chairman	-	-	-	-		
Alessandro Fracassi	CEO	-	-	-	-		
Fausto Boni	Director	139,452	-	5,500	133,952	P	D
Andrea Casalini	Director	-	-	-	-		
Daniele Ferrero	Director	-	-	-	-		
Alessandro Garrone	Director	-	-	-	-		
Paolo Vagnone	Director	50,000	-	-	50,000	P	D
Marco Zampetti	Director	15,000	-	-	15,000	P	D
Giuseppe Zocco		-	-	-	-		
Fausto Provenzano	Chairman of the board of the statutory auditors	3,500	-	-	3,500	P	D
Paolo Burlando	Statutory auditor	-	-	-	-		
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, 2010, 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, 2010.

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 represents the main underlying market for the development of both Group Divisions.

The most recent official figures published by Bank of Italy regarding residential lending show total gross mortgage flows equal to Euro 41.8 billion for the first nine months of 2010, up 17.4% from Euro 35.6 billion in the same period of 2009. Nevertheless these figures are in apparent contrast with those published by CRIF, a company that manages the leading credit bureau in Italy, which show a contraction in demand for the whole period from February to September 2010. According to Assofin, an industry association that gathers and publishes detailed data relative to the main lenders, remortgages have represented in 2010 about 31% of total new flows.

Regarding the residential real estate market, which drives the demand for house purchase mortgages, the most recent data published by the Land Agency show a slight increase in the number of house sales, which have totaled 442 thousand for the first nine months of 2010, up 2.1% compared to 433 thousand for the same period of 2009. The average property prices in 2010, according both to the Fiaip figures and to the latest jointly survey of Bank of Italy-Tecnoborsa-Land Agency, have shown a decrease of 4.6%. In 2011 we expect an improvement in residential real estate market and a substantial stability in prices.

The development prospects for the residential mortgage market in 2011 are currently considered uncertain, as in the end of 2010 domestic players have met new tensions in costs when seeking funding, which could to be translated into offer restrictions, in terms of pricing, products and loan disbursement volumes. This uncertainty seems to be confirmed by the figures on queries to credit reporting systems, which after an increase in the last quarter 2010, show a marked contraction in January.

2.11. Foreseeable evolution

2.11.1. Broking Division

This year the Broking Division was basically stable, suffering from a steep decrease in demand from April to July, which was followed by a gradual recovery started in September and partially sustained by increased marketing expenditure.

In the course of 2010, subsidiary cercassicurazioni.it S.r.l. (managing the website www.cercassicurazioni.it) became more strategically relevant, so we decided to consider insurance brokerage an independent Business Line of the Broking Division.

For 2011, we foresee a slight growth in all the traditional Business Lines of the Division, with a degree of uncertainty tied to the recovery of retail credit demand and to the unclear inclination of many banks to originate growing loan volumes, due to funding challenges in the capital markets. On the other hand, management expects fast growth of the new Cercassicurazioni Business Line.

MutuiOnline Business Line

In the last quarter of 2010, mortgage application volume increased when compared to the same period of the previous year, also thanks to intensified marketing expenditure. For the first months of 2011 the application inflow is in line with the same months of the previous year. Brokered mortgage volumes recovered in the last quarter remaining of 2010 but they remained below the record levels of the same period of the previous year. Thanks to the growth in applications recorded in the preceding months, brokered mortgage volumes increased in the first part of 2011, compared to the same period of 2010. The percentage of remortgages is decreasing, as their demand from consumers weakened in the changed interest rates environment.

Growth prospects for 2011, albeit positive, can be influenced by the hesitant positioning of various banks in the mortgage market, as domestic players meet difficulties and increasing costs when seeking funding on the capital markets. At the same time, trends in the real estate market are uncertain, and demand for remortgages is reduced. Average commissions for 2011 should remain in line with 2010. Finally, the number of competitors has grown, as expected and previously announced.

PrestitiOnline Business line

In the last quarter of 2010 and in the first months of 2011, loan application inflow was up on a year-on-year basis. In the same time span, year-on-year growth was also recorded for brokered loan volumes. In light of these trends, overall loan volumes for 2011 are expected to grow, although partially counterbalanced by a slight contraction in the average commission level.

Regarding employee loans, which delivered good results for a large portion of 2010, brokered volumes decreased in the last period of the year, mainly because of the slowdown and subsequent interruption of disbursements of the main product provider, which we expect to replace by the end of the first quarter of 2011.

CreditPanel Business Line

Application inflow and closed loan volumes are stable on a year-on-year basis in the last quarter of 2010 as well as in the first months of 2011. Stable or slightly increasing revenues should be expected for the rest of 2011.

Moreover, the CreditPanel business model is being overhauled in order to better comply with the recent regulatory changes in the credit broking market, whose adoption will be completed in 2011. This revamping should hopefully be the basis for a rapid and profitable development in future years.

Cercassicurazioni Business Lines

Revenues of the Cercassicurazioni Business Line grew from Euro 19 thousand in 2009 to Euro 650 thousand in 2010, as volumes of brokered contracts registered a first significant increase.

Given this positive development, as well as the potential synergies with the traditional online broking business of the Division, Cercassicurazioni has acquired increasing strategic relevance. However, the business is still characterized by significant cash absorption, also because of high marketing costs, though with significant opportunities for further growth and optimization.

2.11.2. BPO Division

Year 2010 brought a clear recovery for the BPO Division, following the business contraction of 2009. Revenues are now back up to higher levels than in 2008, while profitability has also been steadily improving all through the year: the operating margin in the last quarter was 21.7%, bringing the overall margin for the year up to 16.6%.

Growth was fuelled mainly by the new clients of the Division: the revenue mix is now more diversified than in the past (the share of the historically "dominant" client is now below 20%) while maintaining however a certain degree of concentration, which is intrinsic in the nature of the outsourcing business.

The management expects renewed growth also in 2011, albeit at a slower pace than 2010, and with significant differences between the mortgage area (FEC and CEI) and the area of salary guaranteed loans (CLC), where the financial/liquidity issues of the historical client of the Business Line will likely cause a contraction in volumes.

Finally, it is worth highlighting that the commercial pipeline of prospect clients for the services of the Division remains interesting.

FEC and CEI Business Lines

Management expects growing revenues in 2011 for mortgage outsourcing services. Growth will be again mainly in the CEI Business Line, where application volumes keep growing for new and existing clients.

The level of new commercial leads received in the last quarter of 2010 and in the first two months of 2011 suggests a potential for significant growth also for the FEC Business Line, which could grow back to 2008 levels.

This positive outlook is however tied to an assumption of stability in the credit and pricing policy of client banks, both Italian and foreign, which, given the enduring uncertainty in the international financial markets, cannot be taken for granted.

As regards new clients, the Group has entered a preliminary outsourcing agreement, which entails services in support of a new initiative in mortgage distribution through field networks. This initiative, which potentially has an interesting profile, is tied to the structural transformation of non-banking credit distribution, according to the new regulatory framework which is currently being implemented. Given the many elements of novelty in this kind of agreement, it is difficult to forecast the size and timing of its financial impact. However it is safe to assume that first results will be visible only in the second half of 2011.

CLC Business Line

This Business Line will be negatively impacted during 2011 by a severe reduction of volumes with the historical client of this area, which, since the beginning of this year, has experienced growing difficulties in finding the financial resources to continue operating, up to the point of stopping new loan disbursements in March.

This reduction is partially offset by a redistribution of these origination volumes to other players in the market, clients of the Group, who have seen in the same time period a steep increase in their business volumes. Despite this mitigation effect, it is however likely that in 2011 the business volumes of the CLC Business Line will be decreasing relative to last year, against a positive background of revenue growth in the BPO Division as a whole.

Finally, it should be noted that a new CQS outsourcing contract was signed in February, with a primary Italian Bank, for the processing of the loan applications generated through the bank's branch network, similar to other agreements already active with other major retail banks. The financial impact of this new contract should be visible in the second half of 2011.

2.12. Other information

2.12.1. Offices

The registered office of the Issuer and of the Italian subsidiaries is located at Via Felice Casati, 1/A, Milan except Effelle Ricerche S.r.l., whose office is located at Via Montecuccoli 4, Turin and cercassicurazioni.it S.r.l., whose office is located at Via Ciro Menotti 11, Milan.

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 located at the in Strada C, Zona Industriale, Villacidro.

2.12.2. Relations with related parties

Relations with related parties are relations with the companies of the Group and we did not identify other relations with related parties.

The following table shows the intercompany balances as of December 31, 2010 and the intercompany transactions for the financial year ended December 31, 2010.

		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.**	-	7,518	4,897	29	1,804	22	-	1,556	-	-	-	**15,826**
	MutuiOnline S.p.A.	74	-	-	-	-	-	-	-	-	-	-	**74**
	CreditOnline Med. Cred. S.p.A.	41	-	-	-	-	-	-	-	-	-	-	**41**
	Centro Istruttorie S.p.A.	-	-	-	-	-	2	-	4	-	-	323	**329**
	Centro Finanziamenti S.p.A.	8	-	-	-	-	-	-	-	-	-	-	**8**
	PP&E S.r.l.	48	86	48	1,151	248	-	-	-	-	-	-	**1,581**
	cercassicurazioni.it S.r.l.	-	-	-	-	-	-	-	-	-	-	-	**-**
	Finprom S.r.l.	-	-	-	3,442	-	-	13	-	-	-	26	**3,481**
	EuroServizi per i Notai S.r.l.	-	-	-	466	-	-	-	-	-	-	-	**466**
	Total	**171**	**7,604**	**4,945**	**5,088**	**2,052**	**24**	**13**	**1,560**	**-**	**-**	**349**	**21,806**

	LIABILITIES											
ASSETS (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.	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
Gruppo MutuiOnline S.p.A.	-	10,042	6,384	534	2,100	84	-	-	540	-	-	**19,684**
MutuiOnline S.p.A.	74	-	-	-	-	19	18	-	-	-	-	**111**
CreditOnline Mediazione Creditizia S.p.A.	41	-	-	-	-	-	-	-	-	-	-	**41**
Centro Istruttorie S.p.A.	-	-	-	-	-	229	-	-	-	-	224	**453**
Centro Finanziamenti S.p.A.	8	-	-	-	-	50	-	-	-	-	-	**58**
PP&E S.r.l.	58	69	58	950	204	-	-	-	-	-	-	**1,339**
cercassicurazioni.it	476	-	-	-	-	-	-	-	-	-	-	**476**
Finprom S.r.l.	-	-	-	734	-	-	5	-	-	-	20	**759**
EuroServizi per i Notai S.r.l.	-	-	-	114	-	-	-	-	-	-	-	**114**
Total	**657**	**10,111**	**6,442**	**2,332**	**2,304**	**382**	**23**	**-**	**540**	**-**	**244**	**23,035**

Income and expenses

The income of Gruppo MutuiOnline S.p.A. with companies of the Group is attributable to the revenues for coordinating services and for accrued interests on bank accounts managed within cash pooling during the financial year ended December 31, 2010. 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 15,721 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 PP&E 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, 2010.

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 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, 2010. We remind that such performance of services takes place at normal market conditions.

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, 2010.

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 and cash equivalents 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 and cash equivalents on active bank accounts managed within cash pooling.

The other assets of PP&E S.r.l. versus the companies of the Group are related to the rental fee of the operating offices in Cagliari and for the office residence services accrued but not yet paid from the other companies of the Group.

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 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, 2010 e not yet paid.

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 slightly 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 is equal to 6-month Euribor + 0.85%. A possible unfavorable variation of the interest rate, equal to 1%, should produce an additional expense equal to Euro 12 thousand in 2011. 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 during the financial year ended December 31, 2010, the Group has started a new 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 2010 the available portfolio is represented by both fixed rate and floating rate senior bonds issued by primary Italian banks. The investment strategy is to hold to maturity these bonds.

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 17,077 thousand, of which the overdue portion as of December 31, 2010 is equal to Euro 6,247 thousand, of which Euro 104 thousand is overdue for over 90 days.

Most of the overdue gross receivables were paid by the clients during the first months of 2011. As of the date of approval of this report receivables not yet collected, overdue as of December 31, 2010, amount to Euro 735 thousand.

These trade receivables are from banks and other financial institutions. However, during the first months of 2011 one of the clients of the BPO Division incurred business continuity problems as a result of which it could be difficult to collect full payment of receivables due as of December 31, 2010; in the face of such situation the management has decided to set a provision in order to cover the estimated credit loss

It is worth pointing out that as a result of the growth of the client portfolio in the BPO Division the credit concentration with one of the main clients has increased, and as of December 31, 2010, it represents 39.0% 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 decreased, representing 17.7% of total revenues, compared to 21.5% of the previous financial year, and leading to a reduction of the risk of dependency of the Group from this client. This is consistent with the strategy that the Group pursues aiming at the acquisition of new clients, especially for the BPO Division, which could lead to a further reduction in revenue concentration.

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, 2010 is Euro 10,620 thousand, substantially in line with current liabilities; therefore the management believes that there is no liquidity risk for the Group.

For this purpose it is worth pointing out that as of December 31, 2010, current liabilities excluding tax liabilities are Euro 9,244 thousand. Among those liabilities there are trade payables with expiration dates less than 90 days for Euro 5,453 thousand.

Operating risk

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.

Programmatic Document on Security

Finally it is worth pointing out that, in accordance with the Consolidation Act for Personal Data Protection (legislative decree 196/2003 and following changes and integrations) the Company prepared the Programmatic Document on Security, which is updated every year.

2.12.4. Information concerning environment and human resources

With regards the management of human resources and the environmental themes for the financial year ended December 31, 2010, there were no harmful 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, 2010 was Euro 13,622,431. We shall propose to the shareholders' meeting the following allocation of the net income of the year:

- Euro 13,538,028 for distribution of dividends to shareholders in the amount of Euro 0.36 per outstanding share, with ex dividend date Monday May 2, 2011 and payable date Thursday May 5, 2011;

- Euro 84,403 to retained earnings.

Taking into consideration the available reserves and the financial condition of the Company, we shall propose to the shareholders' meeting a distribution of an extraordinary dividend of Euro 376,056 corresponding to Euro 0.01 per outstanding share, with ex dividend date May 2, 2011 and payable date May 5, 2011. Such dividend will be fully paid out from retained earnings, equal to Euro 827,714 as of December 31, 2010.

The total amount of the dividend, ordinary and extraordinary, will hence be Euro 13,914,084 corresponding to Euro 0.37 per outstanding share, gross of taxes, payable from May 5, 2011 and with ex dividend date May 2, 2011 (coupon n. 4).

The total amount of the dividend, ordinary and extraordinary, represents 96.4% of the net income for the financial year plus distributable reserves as of the day of the approval of the Issuer's draft statutory financial statements, consistently with the previously announced 100% dividend pay-out policy. For this reason it is worth pointing out that in accordance with IAS 18 (par. 30), with reference to the booking of dividends as financial income, and in accordance with art. 2433-bis of the civil code ("interim dividends"), the earnings distributed by the operating companies of the Group, entirely owned by the Issuer, can be accounted as financial income by the Issuer in the year after their realization and, consequently, they are distributable by the Issuer with a delay of one financial year.

We also remind that during the financial year ended December 31, 2010, the Group has indirectly distributed to shareholders Euro 1,331,922 by means of purchases of Issuer's shares by subsidiary MutuiOnline S.p.A..

Milan, March 10, 2011

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

CONSOLIDATED ANNUAL REPORT

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2010

Prepared according to IAS/IFRS

3. CONSOLIDATED ANNUAL REPORT AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2010

3.1. Financial statements

3.1.1. Consolidated statement of financial position

(euro thousand)	Note	As of December 31, 2010	December 31, 2009
ASSETS			
Intangible assets	7	1,011	849
Property, plant and equipment	8	3,420	3,745
Associates measured with equity method	9	355	300
Deferred tax assets	11	-	636
Other non-current assets		24	48
Total non-current assets		**4,810**	**5,578**
Cash and cash equivalents	12	10,620	27,026
Financial assets held to maturity	13	10,879	-
Trade receivables	14	17,077	12,245
(of which) with related parties		*244*	-
Contract work in progress	15	689	116
Tax receivables		202	-
Other current assets	16	493	445
Total current assets		**39,960**	**39,832**
TOTAL ASSETS		**44,770**	**45,410**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	25	955	962
Other reserves	25	14,651	15,110
Net income	25	15,510	14,432
Total group shareholders' equity	**25**	**31,116**	**30,504**
Minority interests		318	334
Total shareholders' equity		**31,434**	**30,838**
Long-term borrowings	17	1,712	4,266
Provisions for risks and charges	18	276	1,456
Defined benefit program liabilities	19	1,783	1,291
Deferred tax liabilities		125	-
Other non current liabilities	20	196	-
Total non-current liabilities		**4,092**	**7,013**
Short-term borrowings	21	930	1,405
Trade and other payables	22	5,453	3,087
(of which) with related parties		*114*	-
Tax payables	23	-	138
Other current liabilities	24	2,861	2,929
Total current liabilities		**9,244**	**7,559**
TOTAL LIABILITIES		**13,336**	**14,572**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**44,770**	**45,410**

3.1.2. Consolidated income statement

(euro thousand)	Note	Years ended December 31, 2010	December 31, 2009
Revenues	27	53,430	47,877
(of which) with related parties		*349*	-
Other income	28	588	404
Capitalization of internal costs		349	349
Services costs	29	(15,118)	(11,875)
(of which) with related parties		*(466)*	-
Personnel costs	30	(13,352)	(12,946)
Other operating costs	31	(2,568)	(1,560)
Depreciation and amortization	31	(1,289)	(1,153)
Impairments of intangible assets		-	(154)
Operating income		**22,040**	**20,942**
Financial income	33	443	266
Financial expenses	33	(265)	(265)
Income/(losses) from participations	9	55	-
Net income before income tax expense		**22,273**	**20,943**
Income tax expense	34	(6,953)	(6,576)
Net income		**15,320**	**14,367**
Attributable to:			
Shareholders of the Issuer		**15,510**	**14,432**
Minority interest		**(190)**	**(65)**
Earnings per share basic *(Euro)*	39	0.41	0.38
Earnings per share diluited *(Euro)*	39	0.39	0.38

During the financial year ended December 31, 2010 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, 2010	December 31, 2009
Net income		**15,320**	**14,367**
Currency translation differences		74	(6)
Total other comprehensive income		**74**	**(6)**
Total comprehensive income for the period		**15,394**	**14,361**
Attributable to:			
Shareholders of the Issuer		15,584	14,426
Minority interest		(190)	(65)

3.1.4. Consolidated statement of cash flows

(euro thousand)	Note	Years ended December 31, 2010	Years ended December 31, 2009
Net income		**15,320**	**14,367**
Amortization and depreciation	7,8	1,289	1,153
Impairments of intangible assets		-	154
Stock option expenses	26	447	1,079
Capitalization of internal costs	7	(349)	(349)
Interest cashed		421	266
Changes of the value of the participation evaluated with the equity method	9	(55)	-
Income tax paid		(4,994)	(5,140)
Changes in contract work in progress		(573)	83
Changes in trade receivables/payables		(2,837)	(1,942)
(of which) with related parties		*(130)*	
Changes in other assets/liabilities		5,301	5,122
Payments on defined benefit program		492	449
Payments on provisions for risks and charges		(1,180)	112
Net cash provided by operating activities		**13,282**	**15,354**
Investments:			
- Increase of intangible assets	7	(84)	(172)
- Increase of property, plant and equipment	8	(302)	(400)
- Increase of participation	10	(613)	(396)
- Increase of participations evaluated with the equity method	9	-	(300)
- Increase of financial assets held to maturity	13	(10,879)	-
Disposals:			
- Decrease of intangible assets		-	4
- Decrease of property, plant and equipment	8	33	1
Net cash used in investing activities		**(11,845)**	**(1,263)**
Interest paid		(225)	(335)
Decrease of financial liabilities		(3,029)	(1,355)
Purchase of own shares	25	(1,331)	(1,335)
Dividends paid	25	(13,665)	(7,871)
Net cash used in financing activities		**(18,250)**	**(10,896)**
Net increase in cash and cash equivalents		**(16,813)**	**3,195**
Cash and cash equivalents at the beginning of the year	**12**	**27,026**	**23,483**
Cash and cash equivalent of Effelle Ricerche S.r.l. (purchased)	**10**	**407**	**-**
Cash and cash equivalent of cercassicurazioni.it S.r.l. (purchased)		**-**	**348**
Cash and cash equivalents at the end of the year	**12**	**10,620**	**27,026**

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, 2008	**971**	**158**	**1,484**	**21,456**	**24,069**
Allocation of previous year net income	-	42	-	(7,340)	**(7,298)**
Distribution of an extraordinary dividend	-	-	-	(573)	**(573)**
Purchase of own shares	(9)	-	-	(1,326)	**(1,335)**
Stock option plan	-	-	1,079	-	**1,079**
Other movements	-	-	136	-	**136**
Net income of the year	-	-	(6)	14,432	**14,426**
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**
Minority interest as of December 31, 2008	**-**	**-**	**-**	**-**	**-**
Other movements	-	-	399	-	**399**
Minority interest for the period	-	-	-	(65)	**(65)**
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**
Note	25	25	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, 2010 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, 2009 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 10, 2011. This document will be presented to the general meeting on April 21, 2011.

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, 2010.

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. 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.

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 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, 2010 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.	Cagliari (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.	Turin (Italy)	10,000	Line-by-line	100%
cercassicuazioni.it S.r.l.	Milan (Italy)	100,000	Line-by-line	80%
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, 2010 has changed compared with December 31, 2009 with the inclusion of subsidiary Centro Perizie S.r.l., established on July 16, 2010, and with the acquisition of Effelle Ricerche S.r.l. on July 28, 2010 through Centro Perizie S.r.l.. All the entities controlled by Gruppo MutuiOnline S.p.A. are consolidated on a line-by-line basis, while the associated company is consolidated based on 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

According to IFRS 3 (Business Combinations) business combinations involving entities or businesses under common control are intended to be business combinations in which all participating entities or businesses are definitely controlled by the same party or parties both before and after aggregation, and this control is not transitory.

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 and the potential liabilities acquired 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.

According to the previous version of the standard for step acquisitions, control was gained transaction by transaction, as a series of separate acquisitions that generated a total of goodwill determined as the sum of the goodwill generated by individual transactions.

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. According to the previous version of the standard, these costs were included in the expenses for the acquisition of net assets of the acquired entity.

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 fair value 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.

The previous version of the standard provided that contingent consideration was recognized at the acquisition date only if its payment was considered probable and its amount could be measured reliably. Any subsequent changes to contingent consideration were recognized as an adjustment of goodwill.

The application of the above mentioned changes has not implied any significant impacts.

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) <u>Share based payments</u>

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) <u>Revenue recognition</u>

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 mortgages.

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 that the Group earns its commission on broking services.

(b) Processing services

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

Q) <u>Government grants</u>

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) <u>Cost recognition</u>

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) <u>Financial income and expenses</u>

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) <u>Taxation</u>

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) <u>Earnings per share</u>

(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 applied by the Group starting from the financial year ended December 31, 2010

- IFRS 3 revised "Business combinations";
- IAS 27 revised "Consolidated and separate financial statements";
- amendment to IFRS 2 "Share-based payments: Group cash-settled share-based payment transactions";
- amendments to IAS 28 "Investments in associates" and to IAS 31 "Interests in Joint Ventures", following the amendments made to IAS 27.

X) New principles effective starting from the financial year ended December 31, 2010, 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, 2010 are not relevant to or have not generated any effect on the Group:

- IFRS 1 revised "First-time adoption" and subsequent amendments;
- improvement to IFRS 5 "Non-current assets held for sale and discontinued operations";
- improvements to IAS/IFRS (2008 and 2009);
- IFRIC 12 "Service concession agreements";
- IFRIC 15 "Agreements for construction of real estate";

- IFRIC 16 "Hedges of a net investment in a foreign operation";
- IFRIC 17 "Distribution of non cash assets to owners";
- IFRIC 18 "Transfers of assets from customers";
- amendment to IAS 39 "Financial Instruments: Recognition and Measurement – Eligible hedged items".

Y) <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 IAS 32 "Financial instruments: Presentation - classification of rights issues" effective from the financial years starting after February 1, 2010;
- IFRS 9 "Financial instruments", not yet approved by European Union;
- 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;
- IFRS 7 "Financial instruments: Disclosures" effective from January 1, 2011;
- IAS 1 "Presentation of financial statements" effective from January 1, 2011;
- IAS 34 "Interim financial reporting" effective from January 1, 2011;
- IFRS 1 "First time adoption of international financial reporting standards (IFRS)" effective from July 1, 2011, but not yet approved by European Commission;
- IAS 12 "Income taxes", which requires that deferred tax related to an asset should be measured depending on whether recovery of the asset's carrying amount is expected (through use or sale) effective from January 1, 2012 but not yet approved by European Commission.

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 to hedge 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 loan is equal to 6-month Euribor + 0.85%. A possible unfavorable variation of the interest rate, equal to 1%, should produce an additional expense equal to Euro 12 thousand in 2011. 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 during the financial year ended December 31, 2010, the Group has started a new 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 2010 the available portfolio is represented by both fixed rate and floating rate senior bonds issued by primary Italian banks. The investment strategy is to hold to maturity these bonds.

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 as 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 17,077 thousand, of which the overdue portion as of December 31, 2010 is equal to Euro 6,247 thousand, of which Euro 104 thousand is overdue for over 90 days.

Most of the overdue gross receivables were paid by the clients during the first months of 2011. As of the date of approval of this report receivables not yet collected, overdue as of December 31, 2010, amount to Euro 735 thousand.

These trade receivables are from banks and other financial institutions. However, during the first months of 2011 one of the clients of the BPO Division incurred business continuity problems as a result of which it could be difficult to collect full payment of receivables due as of December 31, 2010; in the face of such situation the management has decided to set a provision in order to cover the estimated credit loss. It is worth pointing out that in the past the Group has never recognized significant losses for unpaid receivables.

It is worth pointing out that as a result of the growth of the client portfolio in the BPO Division the credit concentration with one of the main clients has increased, and as of December 31, 2010, it represents 39.0% 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 decreased, representing 17.7% of total revenues, compared to 21.5% of the previous financial year, and leading to a reduction of the risk of dependency of the Group from this client. This is consistent with the strategy that the Group pursues aiming at the acquisition of new clients, especially for the BPO Division, which could lead to a further reduction in revenue concentration.

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, 2010 is Euro 10,620 thousand, substantially in line with current liabilities; therefore the management believes that there is no liquidity risk for the Group.

For this purpose it is worth pointing out that as of December 31, 2010, current liabilities excluding tax liabilities are Euro 9,244 thousand. Among those liabilities are trade payables with expiration dates less than 90 days for Euro 5,453 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.

For this purpose, it is worth pointing out that in the course of 2010, subsidiary cercassicurazioni.it S.r.l., owner of the website www.cercassicurazioni.it, became more strategically relevant, so we decided to consider insurance brokerage an independent Business Line of the Broking Division; for this purpose, the comparative data of the Broking Division in 2009 were restated to include the data related to insurance broking for 2009. This restatement did not cause any significant impact on the comparative results.

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

(euro thousand)	Years ended December 31, 2010	December 31, 2009
Broking Division revenues	32,803	31,676
BPO Division revenues	20,627	16,201
Total revenues	**53,430**	**47,877**

Operating income by Division

(euro thousand)	Years ended December 31, 2010	December 31, 2009
Broking Division operating income	18,618	19,449
BPO Division operating income	3,422	1,493
Total operating income	**22,040**	**20,942**
Financial income	443	266
Financial expenses	(265)	(265)
Income/(losses) from participations	55	-
Net income before income tax expense	**22,273**	**20,943**

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

(euro thousand)	Years ended December 31, 2010	(a)	December 31, 2009	(a)
Client A	5,469	16.7%	4,550	16.4%
Client B	5,374	16.4%	5,808	20.9%
Client C	4,402	13.4%	5,582	20.1%
Client D	3,305	10.1%	732	2.6%
Other Clients	14,253	43.5%	11,154	40.1%
Total Broking Division revenues	**32,803**	**100.0%**	**27,826**	**100.0%**
Client E	5,637	27.3%	1,189	6.4%
Client A	3,993	19.4%	5,620	30.3%
Client F	2,366	11.5%	3,527	19.0%
Client G	2,234	10.8%	1,923	10.4%
Other Clients	6,397	31.0%	6,260	33.8%
Total BPO Division revenues	**20,627**	**100.0%**	**18,519**	**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, 2010 and 2009:

(euro thousand)	Development costs	Licenses and other rights	Goodwill	Other intangible assets	Intangible assets in progress	Total
Net value as of January 1, 2009	**228**	**94**	**-**	**5**	**-**	**261**
Increases	350	31	-	-	140	521
Other movements	483	-	154	(5)	30	662
Amortization expense	(410)	(31)	(154)	-	-	(595)
Net value as of December 31, 2009	**651**	**94**	**-**	**-**	**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**	**134**	**-**	**-**	**-**	**1,011**

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 Effelle Ricerche 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, 2010 and 2009:

(euro thousand)	**Land and buildings**	**Plant and machinery**	**Other tangible assets**	**Total**
Cost as of January 1, 2009	**2,685**	**2,135**	**1,342**	**6,162**
Additions	224	219	50	493
Others	5	8	(4)	9
Cost as of December 31, 2009	**2,914**	**2,362**	**1,388**	**6,664**
Accumulated depreciation as of January 1, 2009	**229**	**1,186**	**792**	**2,207**
Depreciation expense	91	427	194	712
Accumulated depreciation as of December 31, 2009	**320**	**1,613**	**986**	**2,919**
Net book value as of December 31, 2009	**2,594**	**749**	**402**	**3,745**
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**

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 2009, the Group invested an additional amount of Euro 1,052 thousand in renovation and modernization of this building in order to make it more functional to its own requirements and in 2010 it invested a further amount of Euro 17 thousand. As of December 31, 2010 the net book value of this building is Euro 2,118 thousand. The value of the land acquired amounts to Euro 213 thousand.

It is worth highlighting that during the financial year ended December 31, 2009 the Group has made a further investment by purchasing a further piece of land next to the land already owned at a cost equal to Euro 97 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.. On December 23, 2009 the Issuer purchased 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, with a disbursement 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.

As of December 31, 2009, the shareholder's equity of the company was equal to Euro 10 thousand. The portion of shareholder's equity that belongs to the Group as of the same date was equal to Euro 4 thousand.

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, already confirmed in 2010, with sufficent cash flow generation to enable the recovery of the investment made.

During the year ended December 31, 2010, 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 55 thousand; this value is recognized as "Income from participations" in the income statement.

10. Purchase of Effelle Ricerche S.r.l.

On July 28, 2010, the Group purchased 100% of the ordinary share capital of company Effelle Ricerche S.r.l. at a total cost of Euro 600 thousand, through company Centro Perizie S.r.l., fully controlled by the Issuer and established on July 16, 2010 with a share capital of Euro 10 thousand.

Effelle Ricerche S.r.l. is active in the provision of appraisal services or other related services for the valuation of real estate on behalf of banks, insurance companies, public or private entities, professionals and third parties in general.

The participation was purchased with the purpose of increasing and supplementing the Group's service offer for retail mortgage lenders.

Cash and cash equivalents of Effelle Ricerche S.r.l. at the moment of purchase were equal to Euro 407 thousand.

The following table presents the fair value of assets, liabilities and potential liabilities identified from the purchased entity and the related accounting values:

(euro thousand)	Original book values	Fair value
Non-current assets	165	548
Current assets	448	448
Total assets	**613**	**996**
Shareholders' equity	337	600
Non-current liabilities	98	98
Current liabilities	178	298
Total liabilities and shareholders' equity	**613**	**996**

No goodwill emerged from the purchase of the participation. The surplus paid for the was allocated to the intangible assets (operating software) used in the operations of the acquired company, amortized over a three year period.

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

Cash paid	(600)
Cash of the entity at the date of the acquisition	407
Net cash flow	**(193)**

It is worth highlighting that if the controlling stake had been purchased on January 1, 2010, revenues would have been higher by Euro 437 thousand and income would have been lower by Euro 139 thousand in the income statement of the financial year ended December 31, 2010.

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, 2010 and 2009:

Year ended December 31, 2009

(euro thousand)	As of January 1, 2009	Accrual	Utilization	As of December 31, 2009	Expiring within 1 year	Expiring after 1 year
Deferred tax assets						
Costs with different tax deductibility	462	535	(413)	584	580	4
Differences between the tax bases of assets and their carrying amounts	394	39	(173)	260	206	54
Finance lease	319	-	-	319	-	319
Tax loss carry forwards	-	135	-	135	-	135
Total deferred tax assets	**1,175**	**709**	**(586)**	**1,298**	**786**	**512**
Deferred tax liabilities						
Defined benefit program liability	(24)	-	-	(24)	-	(24)
Differences between the tax bases of assets and their carrying amounts	(76)	(106)	-	(182)	(36)	(146)
Finance lease	(423)	(33)	-	(456)	-	(456)
Total deferred tax liabilities	**(523)**	**(139)**	**-**	**(662)**	**(36)**	**(626)**
Total	**652**	**570**	**(586)**	**636**	**750**	**(114)**

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)**

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, 2010 and 2009:

(euro thousand)	As of December 31, 2010	As of December 31, 2009	Change	%
A. Cash and cash equivalents	10,620	27,026	(16,406)	-60.7%
B. Other cash equivalents	-	-	-	N/A
C. Securities held for trading	10,879	-	10,879	N/A
D. Liquidity (A) + (B) + (C)	**21,499**	**27,026**	**(5,527)**	**-20.5%**
E. Current financial receivables	**-**	**-**	**-**	**N/A**
F. Bank borrowings	(67)	-	(67)	N/A
G. Current portion of long-term borrowings	(666)	(1,214)	548	-45.1%
H. Other short-term borrowings	(197)	(191)	(6)	3.1%
I. Current indebtedness (F) + (G) + (H)	**(930)**	**(1,405)**	**475**	**-33.8%**
J. Net current financial position (I) + (E) + (D)	**20,569**	**25,621**	**(5,052)**	**-19.7%**
K. Non-current portion of long-term bank borrowings	(1,352)	(3,709)	2,357	-63.5%
L. Bonds issued	-	-	-	N/A
M. Other non-current borrowings	(360)	(557)	197	-35.4%
N. Non-current indebtedness (K) + (L) + (M)	**(1,712)**	**(4,266)**	**2,554**	**-59.9%**
O. Net financial position (J) + (N)	**18,857**	**21,355**	**(2,498)**	**-11.7%**

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. The securities are senior bonds issued by leading Italian banks which pay either fixed or variable coupon rates.

As of December 31, 2010 the balance sheet value of this item is equal to Euro 10,879 thousand. The following table presents the detail of the security portfolio as of December 31, 2010:

Description	Maturity date	Coupon	Interest rate	Amortized cost as of December 31, 2010
Corporate bond Mediobanca	January 2011	Quarterly	Fixed rate	502
Corporate bond Banca Intesa	April 2011	Yearly	Fixed rate	5,121
Corporate bond MPS	June 2011	Yearly	Floating rate	5,256
				10,879

14. Trade receivables

The following table presents the situation of the item as of December 31, 2010 and 2009:

(euro thousand)	**As of December 31, 2010**	**As of December 31, 2009**
Trade receivables	17,676	12,422
(allowance for doubtful receivables)	(599)	(177)
Total trade receivables	**17,077**	**12,245**

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, 2010 and 2009:

Year ended December 31, 2009

(euro thousand)	**As of December 31, 2008**	**Accrual**	**Utilization**	**Others**	**As of December 31, 2009**
Allowance for doubtful receivables	135	57	(15)	-	177
Total	**135**	**57**	**(15)**	**-**	**177**

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**

As of December 31, 2010 the provision for doubtful receivables has been increased because, in the first months of 2011, one of the clients of the BPO Division incurred business continuity problems as a result of which it could be difficult to collect full payment of receivables due as of December 31, 2010; in the face of such situation the management has decided to set a reserve in order to cover the estimated credit loss.

The reserve has been used for the loss resulting from a transaction with a client of the Broking Division with respect to receivables dating back to financial years 2008 and 2009.

15. Contract work in progress

Contract work in progress is equal to Euro 689 thousand as of December 31, 2010 and Euro 116 thousand as of December 31, 2009. The increase of this item is due to the growth of business volumes for the two main clients of the BPO Division, during the financial year ended December 31, 2010.

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

16. Other current assets

The following table presents the situation of the item as of December 31, 2010 and 2009:

(euro thousand)	As of December 31, 2010	As of December 31, 2009
Accruals and prepayments	127	102
Advances to suppliers	38	36
Others	14	45
VAT receivables	314	262
Total other current assets	**493**	**445**

NON-CURRENT LIABILITIES

17. Long-term borrowings

The following table presents the situation of the item as of December 31, 2010 and 2009:

(euro thousand)	As of December 31, 2010	As of December 31, 2009
Bank borrowings	1,352	3,709
1 - 5 years	1,352	3,709
Finance lease obligations	360	557
1 - 5 years	360	557
Total long-term borrowings	**1,712**	**4,266**

Bank borrowings refer to a loan from Intesa Sanpaolo S.p.A. obtained in 2006.

The loan 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, 2010	As of December 31, 2009
- between one and two years	669	1,214
- between two and three years	683	1,236
- between three and four years	-	1,259
- between four and five years	-	-
Total	**1,352**	**3,709**

With regards to these borrowings we point out that that on October 4, 2010 the Issuer has prepaid, part of the remaining capital, for an amount equal to Euro 1,700 thousand. Following this reimbursement the unit amount of expected future installments has changed significantly, but the dates of payment have remained unchanged and the payment of the last installment is expected as of October 3, 2013.

The interest rate on the loan 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 book value of the financial liabilities represents its fair value as of the date of the financial statement.

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.

Finance lease obligations refer to the finance lease agreement with Sanpaolo Leasint S.p.A. for the building located in Cagliari. For the years ended December 31, 2010 and 2009 the effective interest rate on the finance lease obligations was equal to 1.6% and 2.6% 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, 2010 and 2009:

Year ended December 31, 2009

(euro thousand)	As of December 31, 2008	Accrual	Utilization	Others	As of December 31, 2009
Provision for early repayment of mortgages	1,344	1,374	(1,262)	-	1,456
Total	**1,344**	**1,374**	**(1,262)**	**-**	**1,456**

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**

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. Changes in the agreements during the financial year ended December 31, 2010 have significantly the type and timing of situations in which these clauses are applicable. Therefore, in the light of these changes, the estimation of the provision has been made based on the possible obligation related to the revenues accrued in the year and is calculated on the basis of a historic analysis of the mortgages repaid ahead of schedule and insolvencies in the last 12 months. Following this estimation, we have released a provision for a total of Euro 1,280 thousand; the use of the provision is recognized in revenues in the income statement.

Provision for tax claims was allocated following presumed liability, related to IRAP's tax claims and connected penalties, concerning a previous financial year and 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, 2010 and 2009:

(euro thousand)	As of December 31, 2010	As of December 31, 2009
Employee termination benefits	1,611	1,109
Directors' termination benefits	172	182
Total defined benefit program liabilities	**1,783**	**1,291**

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, 2010 and 2009:

	As of December 31, 2010	As of December 31, 2009
ECONOMIC ASSUMPTIONS		
Inflation rate	2%	2%
Discount rate	4.6%	5.1%
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, 2010 and 2009:

Value as of December 31, 2008	699
Current service cost	481
Interest cost	37
Benefits paid	(108)
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**

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

	Years ended	
(euro thousand)	December 31, 2010	December 31, 2009
Current service cost	(536)	(481)
Implicit interest cost	(56)	(37)
Total expenses related to the defined benefit program	**(592)**	**(518)**

Besides, it is worth pointing out that as of December 31, 2010 the Group had not recognized actuarial gains or losses because the total amount of the actuarial losses on this date is equal to Euro 25 thousand, less than 10% of the amount of the defined benefit obligation.

20. 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. This liability derives from an agreement signed with a minority stakeholder of cercassicurazioni.it S.r.l., to whom a put option for this stake was granted; at the same time the minority stakeholder granted a call option for the same stake to the Group. The options are exercisable at the same price during the period from January 1, 2014 to June 30, 2014.

CURRENT LIABILITIES

21. Short-term borrowings

Short-term borrowings amounting to Euro 930 thousand as of December 31, 2010, include the current portion of borrowings and the interest payable on the Intesa Sanpaolo S.p.A. loan amounting to Euro 666 thousand, and the current amount of the lease obligations for Euro 197 thousand (note 17).

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 and regional income tax.

24. Other current liabilities

The following table presents the situation of the item as of December 31, 2010 and 2009:

(euro thousand)	**As of December 31, 2010**	**As of December 31, 2009**
Liabilities to personnel	1,342	1,773
Social security liabilities	533	667
Social security liabilities on behalf of employees	386	331
Accruals	195	75
VAT liabilities	182	52
Other liabilities	223	31
Total other liabilities	**2,861**	**2,929**

Liabilities to personnel are mainly liabilities for accrued holidays and deferred expenses as of December 31, 2010 that are still to be paid and bonus liabilities for the financial year 2010 not yet paid as of December 31, 2010.

25. Shareholders' equity

The following table presents the situation of the item as of December 31, 2010 and 2009:

(euro thousand)	**As of December 31, 2010**	**As of December 31, 2009**
Share capital	955	962
Legal reserve	200	200
Other reserves	2,791	2,693
Retaind earnings	27,170	26,649
Total Group shareholders' equity	**31,116**	**30,504**
Other reserves of minority interest	573	399
Retained income of minority interest	(255)	(65)
Total shareholders' equity	**31,434**	**30,838**

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

On April 22, 2010 the shareholders' meeting resolved the distribution of a dividend of Euro 13,665 thousand, of which Euro 12,906 thousand from the distribution of the earnings for the financial year 2009 and Euro 759 thousand from the net income reserve of the previous financial years. Such dividends have been paid out with ex dividend date May 3, 2010 and payable date May 6, 2010.

As of December 31, 2010 the Company's share capital is composed of 39,511,870 shares without nominal value. During the year ended December 31, 2010 there were no changes in the number of issued shares.

During the year ended December 31, 2007 the Issuer initiated a buy back program, 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, 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.

As of December 31, 2010 the companies of the Group had purchased a total of 1,756,496 shares of the Issuer, of which 500,000 purchased directly by the Issuer, 1,104,974 purchased by subsidiary MutuiOnline S.p.A. and 151,522 purchased by subsidiary Centro Istruttorie S.p.A, equal to 4.445% of ordinary share capital, for a total cost of Euro 7,325 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 45 thousand as of December 31, 2010, 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 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, 2010 and 2009:

(euro thousand)	**As of December 31, 2010**	**As of December 31, 2009**
Share capital underwritten and paid	1,000	1,000
Own shares' nominal value	(45)	(38)
Total share capital	**955**	**962**

(euro thousand)	**As of December 31, 2010**	**As of December 31, 2009**
Other reserves gross of own shares	37,525	35,498
Surplus on own shares	(7,280)	(5,956)
Total other reserves	**30,245**	**29,542**

26. Stock option plan

Stock option plan approved by shareholders' meeting on February 9, 2007

On February 9, 2007 the shareholders' meeting approved the rules for a stock option plan for the benefit of certain directors, employees and other personnel of the Group, effective as of the first day of trading of the shares.

On June 25, 2007 the Company's Board of Directors resolved to offer some stock options to the executive directors, Marco Pescarmona, Alessandro Fracassi and Stefano Rossini, according to the rules, effective as of June 06, 2007.

On July 9, 2007 the Company's executive committee resolved the allotment of stock options to certain employees and other personnel of the Group.

On February 11, 2008 the Company's executive committee resolved a further allotment of 142,000 stock options to an employee of the Group, at an exercise price equal to Euro 3.80 per option.

On July 15, 2008 the Company's executive committee resolved a further allotment of 3,000 stock options to an employee of the Group, at an exercise price equal to Euro 4.35 per option.

The periods for the exercise of the vested options should be established at the grant date.

The valuation of the stock options offered on June 25, 2007 is based on the value of the Group taking into account the offer price of the shares at the date of the listing which took place June 6, 2007, while the valuation of the options offered on July 9, 2007, February 11, 2008 and July 15, 2008 has been set taking into account the official prices of the shares on the Italian Stock Exchange.

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 (%)	4%
Maturity (years)	6
Implicit volatility (%)	30%
Dividend yield	3%

In terms of vesting, the options will be exercisable 36 months after the grant date, and shall be exercisable within pre-defined exercise windows.

The valuation of implicit volatility for the stock option plans was based on the analysis of a basket of companies with a market capitalization on the Segment STAR included in a range from Euro 200 million to Euro 300 million.

On May 7, 2009, the Board of Directors of the Company resolved an allotment of 200,000 stock options to directors Marco Pescarmona and Alessandro Fracassi.

On the same date of the allotment the Board of Directors also decided that these stock options were subject to the achievement of certain performance parameters, established by the board itself, and calculated on the consolidated income statement for the financial year ended December 31, 2009 and exercisable after December 31, 2009, within pre-defined exercise windows. The parameters established by the board were fully achieved and, therefore, the options are fully exercisable.

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 (%)	1.1%
Maturity (years)	3,5
Implicit volatility (%)	43%
Dividend yield	4.6%

The parameters used for the valuation of options granted on May 7, 2009 refer to data collected at the same date of the allotment of the options and refer to the most recent economic/financial variables.

Stock option plan approved by shareholders' meeting on November 9, 2010

On November 9, 2010 the shareholders' meeting approved the rules for a stock option plan for the benefit of certain directors, employees and other personnel of the Group.

On November 22, 2010 the Company's Board of Directors resolved to offer some stock options to the executive directors, Marco Pescarmona and Alessandro Fracassi, according to the rules, at an exercise price equal to Euro 5.196.

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 (%)	2.16%
Maturity (years)	6
Implicit volatility (%)	40%
Dividend yield	6.54%

On December 16, 2010 the Company's executive committee resolved the allotment of stock options to certain employees and other personnel of the Group, at an exercise price equal to Euro 5.126 per share.

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 (%)	2.17%
Maturity (years)	6
Implicit volatility (%)	40%
Dividend yield	6.90%

On December 28, 2010 the Company's executive committee resolved the allotment of stock options to certain employees and other personnel of the Group, at an exercise price equal to Euro 5.01 per share.

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 (%)	2.14%
Maturity (years)	6
Implicit volatility (%)	40%
Dividend yield	7.01%

The parameters used for the valuation of options granted during the financial year ended December 31, 2010 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, 2010

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

Stock options as of January 1, 2010	2,864,500
Stock options offered in 2010	1,831,000
Stock option re-assignable after the resignations in 2010	(328,000)
Stock options as of December 31, 2010	4,367,500
of which vested in 2010	2,229,500

The options have the following exercise prices:

Stock options' exercise price	
n. 2,041,000	7.50
n. 188,500	6.20
n. 800,000	5.196
n. 977,000	5.126
n. 54,000	5.01
n. 200,000	4.50
n. 3,000	4.35
n. 104,000	3.80

The following table presents the value of individual stock options at the date of the offering:

Stock options' yearly value	
n. 1,560,000	0.91
n. 481,000	1.13
n. 188,500	1.44
n. 200,000	0.88
n. 104,000	0.80
n. 3,000	0.91
n. 800,000	1.06
n. 977,000	0.91
n. 54,000	0.89

The weighed average price of the shares for the year ended December 31, 2010 was equal to Euro 5.529.

Personnel costs for the year ended December 31, 2010 include Euro 447 thousand related to the Group's stock option plan.

In the income statement for the year ended December 31, 2009 there are costs equal to Euro 1,079 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, 2010 and 2009:

(euro thousand)	Years ended December 31, 2010	December 31, 2009
Broking Division revenues	32,803	31,676
BPO Division revenues	20,627	16,201
Total revenues	**53,430**	**47,877**

28. Other income

The following table presents the details of the item for the financial years ended December 31, 2010 and 2009:

(euro thousand)	Years ended December 31, 2010	December 31, 2009
Reimbursement of costs	327	295
Grants	49	56
Others	212	53
Total other income	**588**	**404**

29. Services costs

The following table presents the details of the item for the financial years ended December 31, 2010 and 2009:

(euro thousand)	Years ended December 31, 2010	December 31, 2009
Marketing and commercial expenses	(7,568)	(6,180)
Notarial and appraisal services	(2,662)	(1,095)
Technical, legal and administrative consultancy	(1,191)	(765)
Commission payout	(1,024)	(1,376)
Telephone	(679)	(659)
Postage	(511)	(486)
Rental and lease expenses	(365)	(321)
Utilities and cleaning costs	(333)	(310)
Travel expenses	(288)	(238)
Maintenance expenses	(108)	(111)
Statutory auditors' compensation	(77)	(60)
Insurance costs	(43)	(44)
Other general expenses	(269)	(230)
Total services costs	**(15,118)**	**(11,875)**

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, 2010 is in line with the incresase recorded for 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, 2010**
Less than 1 year	(198)
1 - 5 years	(535)
More than 5 years	(137)
Total lease obligations	**(870)**

30. Personnel costs

The following table presents the details of the item for the financial years ended December 31, 2010 and 2009:

	Years ended	
(euro thousand)	**December 31, 2010**	**December 31, 2009**
Wages and salaries	(9,737)	(8,542)
Social security contributions	(2,290)	(1,864)
Professional collaborators and project workers costs	(47)	(43)
Directors' compensation	(714)	(705)
Defined benefit program liabilities	(578)	(547)
Other costs	(112)	(83)
Stock option expenses	(447)	(1,079)
Changes in contract work in progress	573	(83)
Total personnel costs	**(13,352)**	**(12,946)**

The average headcount is as follows:

	Years ended December 31, 2010	December 31, 2009
Managers	8	6
Supervisors	10	11
Employees	579	510
Professional collaborators and project workers	1	1
Average headcount	**598**	**528**
Headcount in Italy	368	341
Headcount in Romania	230	187

31. Other operating costs

Other operating costs include Euro 1,520 thousand and Euro 1,150 thousand relative to non-deductible VAT costs for the financial years ended December 31, 2010 and 2009, respectively.

32. Depreciation and amortization

The following table presents the details of the item for the financial years ended December 31, 2010 and 2009:

(euro thousand)	Years ended December 31, 2010	December 31, 2009
Amortization of intangible assets	(654)	(441)
Depreciation of property, plant and equipment	(635)	(712)
Total depreciation and amortization	**(1,289)**	**(1,153)**

33. Net financial income

The following table presents the details of the item for the financial years ended December 31, 2010 and 2009:

(euro thousand)	Years ended December 31, 2010	December 31, 2009
Financial income	443	266
Income from purchase of participation	55	-
Interest expense – borrowings	(211)	(228)
Implicit interest cost on defined benefit program liability	(54)	(37)
Net financial income/(loss)	**233**	**1**

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, 2010 includes Euro 73 thousand related to the interest on the loan from Intesa Sanpaolo S.p.A. obtained in 2006 and Euro 11 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, 2010 and 2009:

	Years ended	
(euro thousand)	December 31, 2010	December 31, 2009
Current income tax	(6,312)	(6,919)
Deferred taxes	(641)	343
Income tax expense	**(6,953)**	**(6,576)**

The reconciliation between the theoretical tax rate and the effective tax rate for the years ended December 31, 2010 and 2009 is provided in the following table:

	Years ended	
	December 31, 2010	December 31, 2009
Corporate income tax (IRES)		
Theoretical tax rate	27.5%	27.5%
Non-deductible costs	1.1%	0.9%
Stock option expenses	0.2%	0.4%
Differences of the tax rate on foreign company income	-1.0%	-0.5%
Impact of the tax benefits	-0.7%	-1.3%
Others	-1.1%	-0.7%
Effective IRES tax rate	**26.0%**	**26.3%**
Regional income tax (IRAP)		
Theoretical tax rate	3.9%	3.9%
Non-deductible costs	3.6%	1.8%
Others	-2.3%	-0.6%
Effective IRAP tax rate	**5.2%**	**5.1%**

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 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 forms notified, despite the granting of the suspension, we cannot rule out possible litigation and we can not predict the financial outcome of such 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.

In this respect it is worth pointing out that in 2009 and 2010 the Issuer, MutuiOnline S.p.A. and PP&E S.r.l. were subjected to further audits from the territorial staff of the Ministry of Labor, and after these audits no notification, for which the rise of any potential liability is possible, emerged.

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, 2010:

Name	Office	Holding period of the office		Term of the office	Compensation for the office	Non-monetary benefits	Bonus and other incentives	Other
		From	To					
Marco Pescarmona	Chairman	1/1/2010	12/31/2010	Appr. of 2010 fin. stat.	50	2	120	86
Alessandro Fracassi	CEO	1/1/2010	12/31/2010	Appr. of 2010 fin. stat.	50	2	120	86
Stefano Rossini	Executive director	1/1/2010	8/26/2010	Appr. of 2010 fin. stat.	31	1	-	50
Fausto Boni	Director	1/1/2010	12/31/2010	Appr. of 2010 fin. stat.	10	-	-	-
Paolo Gesess	Director	1/1/2010	2/11/2010	Appr. of 2010 fin. stat.	1	-	-	-
Marco Zampetti	Director	1/1/2010	12/31/2010	Appr. of 2010 fin. stat.	35	-	-	-
Paolo Vagnone	Director	1/1/2010	12/31/2010	Appr. of 2010 fin. stat.	28	-	-	-
Alessandro Garrone	Director	1/1/2010	12/31/2010	Appr. of 2010 fin. stat.	13	-	-	-
Andrea Casalini	Director	1/1/2010	12/31/2010	Appr. of 2010 fin. stat.	25	-	-	-
Daniele Ferrero	Director	1/1/2010	12/31/2010	Appr. of 2010 fin. stat.	10	-	-	-
Giuseppe Zocco	Director	2/12/2010	12/31/2010	Appr. of 2010 fin. stat.	9	-	-	-
Fausto Provenzano	Chairman of the board of st. aud.	1/1/2010	12/31/2010	Appr. of 2011 fin. stat.	7	-	-	26
Paolo Burlando	Statutory auditor	1/1/2010	12/31/2010	Appr. of 2011 fin. stat.	5	-	-	17
Francesca Masotti	Statutory auditor	1/1/2010	12/31/2010	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, 2010:

		Options held as of December 31, 2009			Option offered in 2010			Options exercised in 2010			Options vested in 2010	Options held as of December 31, 2010		
(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	880,000	7.2	2013	400,000	5.2	2016	-	-	-	-	1,280,000	6.5	2014
Alessandro Fracassi	CEO	880,000	7.2	2013	400,000	5.2	2016	-	-	-	-	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, 2010, separating the fees paid for audit services from the fees paid for other attestation services:

	Year ended December 31, 2010	
(euro thousand)	Gruppo MutuiOnline S.p.A.	Subsidiaries
Audit	34	85
Attestation	-	34
Accounting due diligence on companies subject to acquisition	14	-
Total fees paid to the independent auditor	**48**	**119**

38. Subsequent events

Share buy back program

Pursuant to the share buy back program serving the stock option plan within the limits and with the purposes of the authorization granted by the shareholder's meeting on October 23, 2009, subsidiary MutuiOnline S.p.A. has purchased further shares of the Issuer after December 31, 2010. Pursuant to the share buy back program serving the stock option plan within the limits and with the purposes of the authorization granted by the shareholder's meeting on November 22, 2010, the Issuer has purchased further shares of the Issuer after December 31, 2010. As of the date of approval of the present financial report, the companies of the Group hold 1,906,238 shares of the Issuer, of which 516,598 shares are directly held by the Issuer, 1,238,118 shares are held by subsidiary MutuiOnline S.p.A, and 151,522 shares are held by subsidiary Centro Istruttorie S.p.A., in total equal to 4.824% of the ordinary share capital.

39. Earnings per share

Earnings per share for the year ended December 31, 2009 are calculated by dividing the net income attributable to the shareholders of the Company for the year (Euro 14,432 thousand) by the weighed average number of Issuer's shares outstanding during the year ended December 31, 2009 (38,132,364 shares).

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 weighed average number of the shares outstanding during the year ended December 31, 2010 (37,877,541 shares).

For the financial year ended December 31, 2010 we report a slight difference between the basic earnings per share and the diluted earnings per share: at the moment there are 2,138,000 equity instruments (stock options) that meet the requirements provided by IAS 33 to generate dilutive effects on the earnings per share.

Milan, March 10, 2011

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

ANNUAL REPORT

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2010

Prepared according to IAS/IFRS

4. ANNUAL REPORT AS OF AND FOR YEAR ENDED DECEMBER 31, 2010

4.1. Financial statements

4.1.1. Statement of financial position

(euro thousand)	Note	December 31, 2010	As of December 31, 2009 (restated)	January 1, 2009 (restated)
ASSETS				
Intangible assets and Property, plant and equipment	3	80	76	72
Investments in subsidiaries	4	7,781	7,589	7,261
Investments in associated companies		-	-	140
Deferred tax assets	5	-	8	5
Total non-current assets		**7,861**	**7,673**	**7,478**
Cash and cash equivalents	6	10,875	26,765	5,942
(of which) with related parties	*25*	*1,664*	*1,367*	-
Financial assets available for sales	7	10,879	-	-
Financial assets held to maturity		196	-	-
Trade receivables (with related parties)	25	122	-	-
Tax receivables	8	370	68	37
Other current assets	9	19,731	4,896	2,872
(of which) with related parties	*25*	*19,563*	*4,749*	*2,730*
Total current assets		**42,173**	**31,729**	**8,851**
TOTAL ASSETS		**50,034**	**39,402**	**16,329**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Share capital	10	987	987	987
Legal reserve	10	200	200	158
Other reserves	10	498	799	471
Retaind earnings	10	827	779	596
Net income	10	13,622	12,965	7,345
Total shareholders' equity		**16,134**	**15,730**	**9,557**
Long-term borrowings	11	1,352	3,709	4,941
Defined benefit program liabilities	12	79	59	32
Deferred tax liabilities		193	-	-
Other non current liabilities	13	196	-	-
Total non-current liabilities		**1,820**	**3,768**	**4,973**
Short-term borrowings	14	30,666	19,242	1,152
(of which) with related parties	*25*	*30,000*	*18,028*	-
Trade and other payables	15	742	399	358
(of which) with related parties	*25*	*181*	*30*	-
Other current liabilities	16	672	263	289
(of which) with related parties	*25*	*476*	*126*	*168*
Total current liabilities		**32,080**	**19,904**	**1,799**
TOTAL LIABILITIES		**33,900**	**23,672**	**6,772**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**50,034**	**39,402**	**16,329**

4.1.2. Income statement

(euro thousand)	Note	Years ended December 31, 2010	December 31, 2009
Revenues (from subsidiaries)	18	15,811	15,072
Other income		26	-
Services costs	19	(1,716)	(1,276)
Personnel costs	20	(977)	(1,343)
Other operating costs		(15)	(12)
Depreciation and amortization		(33)	(19)
Operating income		**13,096**	**12,422**
Financial income	21	235	129
(of which) with related parties		*14*	*1*
Financial expenses	21	(198)	(282)
(of which) with related parties		*(124)*	*(93)*
Net income before income tax expense		**13,133**	**12,269**
Income tax expense	22	489	696
Net income		**13,622**	**12,965**

During the financial year ended December 31, 2010 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, 2010	December 31, 2009
Net income		**13,622**	**12,965**
Total other comprehensive income		-	-
Total comprehensive income for the period		**13,622**	**12,965**

4.1.4. Statement of cash flows

(euro thousand)	Note	Years ended December 31, 2010	December 31, 2009
Net income		**13,622**	**12,965**
Amortization and depreciation	3	33	19
Stock option expenses	17	264	748
Interest cashed		199	129
Income tax paid		(3,924)	(3,873)
Changes in trade receivables/payables		233	264
(of which) with related parties		*29*	*30*
Changes in other assets/liabilities		(10,602)	1,791
(of which) with related parties		*(14,464)*	*(2,061)*
Payments on defined benefit program		20	27
Net cash provided by operating activities		**(155)**	**12,070**
Investments:			
- Increase of intangible assets	3	(18)	-
- Increase of property, plant and equipment	3	(19)	(22)
- Increase of participation	4	(192)	(327)
- Increase of financial assets held to maturity	7	(10,879)	-
Disposals:			
- Decrease of participation		-	140
Net cash used in investing activities		**(11,108)**	**(209)**
Decrease of financial liabilities		9,067	16,858
(of which) with related parties		*11,972*	*18,028*
Interest paid		(211)	(352)
Stock options expenses for subsidiaries	4	182	327
Dividends paid	10	(13,665)	(7,871)
Net cash used in financing activities		**(4,627)**	**8,962**
Net increase in cash and cash equivalents		**(15,890)**	**20,823**
Cash and cash equivalents at the beginning of the year	**6**	**26,765**	**5,942**
Cash and cash equivalents at the end of the year	**6**	**10,875**	**26,765**

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, 2008	**987**	**158**	**471**	**596**	**7,345**	**9,557**
Allocation of previous year net income	-	42	-	5	(7,345)	**(7,298)**
Distribution of extraordinary dividend	-	-	-	(573)	-	**(573)**
Purchase of own shares	-	-	(748)	748	-	**-**
Own shares reclassification	-	-	1,076	-	-	**1,076**
Stock option plan	-	-	-	3	-	**3**
Net income of the year	-	-	-	-	12,965	**12,965**
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**
Note	10	10	10, 17	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, 2010 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").

This annual report includes the changes introduced in IFRS 2 "Share-based payments: Group cash-settled share-based payment transactions". The purpose of these changes are:

- to clarify the scope of the same principle, absorbing what already stated by IFRIC 8 "Scope of IFRS 2";

- to give the guidelines for the classification of share-based payments in the consolidated financial report and in the separated/individual financial reports of the companies involved;

- to define the accounting treatment of the equity settled shared-based payments which involve several companies of a group, absorbing and extending what was stated by IFRIC 11;

- to define the accounting treatment of the cash settled shared-based payments which involve several companies of a group, case not regulated by IFRIC 11.

Following the application of the above mentioned changes, which substituted the interpretations of IFRIC 8 and IFRIC 1, for what concerns the valuation of the stock options assigned to employees and other personnel of the subsidiaries, for which there are no mechanisms to charge back the cost to the subsidiaries, the value of the investments in subsidiaries is increased for an amount equal to the cost sustained for the stock options, with the equity reserve as counterpart.

For the sake of comparability and following the above mentioned changes, according with the provisions of IAS 1 ("Presentation of Financial Statements"), we present the restated data as of and for the year ended December 31, 2009 as well as the restated financial data as of January 1, 2009.

The financial statement schemes adopted are in accordance to the ones provided by IAS 1 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) <u>Investments in subsidiaries</u>

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) <u>Cash and cash equivalents</u>

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) <u>Financial assets held to maturity</u>

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) <u>Financial assets available for sales</u>

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.

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.

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, afterwards 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.

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) 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 applied by the Issuer starting from the financial year ended December 31, 2010

- IAS 27 revised "Consolidated and separate financial statements";
- amendment to IFRS 2 "Share-based payments: Group cash-settled share-based payment transactions";
- amendments to IAS 28 "Investments in associates" and to IAS 31 "Interests in Joint Ventures", following the amendments made to IAS 27.

S) New principles effective starting from the financial year ended December 31, 2010 that did not generated any effect on the Issuer

It is also worth mentioning that the following accounting principles, amendments and interpretations effective from January 1, 2010 are not relevant to or have not generated any effect on the Issuer:

- IFRS 1 revised "First-time adoption" and subsequent amendments;
- IFRS 3 revised "Business combinations";
- improvement to IFRS 5 "Non-current assets held for sale and discontinued operations";
- improvements to IAS/IFRS (2008 and 2009);
- IFRIC 12 "Service concession agreements";
- IFRIC 15 "Agreements for construction of real estate";
- IFRIC 16 "Hedges of a net investment in a foreign operation";
- IFRIC 17 "Distribution of non cash assets to owners";
- IFRIC 18 "Transfers of assets from customers";
- amendment to IAS 39 "Financial Instruments: Recognition and Measurement – Eligible hedged items".

T) 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:

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

- IFRS 9 "Financial instruments", not yet approved by European Union;

- 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;

- IFRS 7 "Financial instruments: Disclosures" effective from January 1, 2011;

- IAS 1 "Presentation of financial statements" effective from January 1, 2011;

- IAS 34 "Interim financial reporting" effective from January 1, 2011;

- IFRS 1 "First time adoption of international financial reporting standards (IFRS)" effective from July 1, 2011, but not yet approved by European Commission;

- IAS 12 "Income taxes" this standard requires that deferred tax related to an asset should be measured depending on whether recovery of the asset's carrying amount is expected through use or sale, and it is effective from January 1, 2012 but not yet approved by European Commission.

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 32,018 thousand, of which, however Euro 30,000 thousand are represented by short-term financial debts from subsidiaries within the Group's cash pooling services. In addition, current assets include cash and cash equivalents equal to Euro 10,875 thousand, of which Euro 1,664 thousand from subsidiaries within the a Group's cash pooling services, and Euro 10,879 thousand from current financial assets held to maturity, and receivables from subsidiaries equal to Euro 19,563 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 is equal to 6-month Euribor plus 0.85%. A possible unfavorable variation of the interest rate, equal to 1%, should produce an additional expense equal to Euro 12 thousand in 2011. 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, 2010 equal to Euro 10,875 thousand against current liabilities equal to Euro 32,080 thousand, of which, however Euro 30,000 thousand consist in current financial debts with subsidiaries. Furthermore, the current assets include receivables and other current assets from subsidiaries equal to Euro 19,563 thousand, which have considerable liquidity. This provides the Company with easily available financial resources to support short-term operations.

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 2009:

(euro thousand)	Plant and machinery	Other tangible assets	Total
Cost as of January 1, 2009	**-**	**78**	**78**
Additions	13	9	22
Cost as of December 31, 2009	**13**	**87**	**100**
Accumulated depreciation as of January 1, 2009	**-**	**7**	**7**
Depreciation expense	2	15	17
Accumulated depreciation as of December 31, 2009	**2**	**22**	**24**
Net book value as of December 31, 2009	**11**	**65**	**76**
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**

It is also worth pointing out that there are intangible assets with a net value equal to Euro 12 thousand which consist of third party software licenses purchased in the financial year ended December 31, 2010.

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..

On July 16, 2010 the Issuer established the company Centro Perizie S.r.l., with an ordinary share capital equal to Euro 10 thousand. On July 28, 2010 Centro Perizie S.r.l. purchased 100% of the ordinary share capital of company Effelle Ricerche S.r.l., at a total cost of Euro 600 thousand. Effelle Ricerche S.r.l. is active in the provision of appraisal services or other related services for the valuation of real estate on behalf of banks, insurance companies, public or private entities, professionals and third parties in general.

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

(euro thousand)	As of December 31, 2010	As of December 31, 2009 (restated)	As of January 1, 2009 (restated)
Costs sustained	7,781	7,589	7,261
Total investments in subsidiaries	**7,781**	**7,589**	**7,261**

The adjustments are due to the cost of the stock options, assigned to employees and other personnel of the subsidiaries, in the period before January 1, 2009 for a total amount equal Euro 471 thousand, in the year ended December 31, 2009 for an amount equal to Euro 327 thousand and in the year ended December 31, 2010 for an amount equal to Euro 183 thousand.

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	16,426
Book value	3,316

Corporate name: CREDITONLINE MEDIAZIONE CREDITIZIA S.P.A.	
Registered office: Milano, Via F. Casati 1/A	
Share capital	200
Shareholders' equity	5,159
Book value	615

Corporate name: CENTRO ISTRUTTORIE S.P.A.	
Registered office: Milano, Via F. Casati 1/A	
Share capital	500
Shareholders' equity	2,856
Book value	2,884

Corporate name: CENTRO FINANZIAMENTI S.P.A.	
Registered office: Milano, Via F. Casati 1/A	
Share capital	600
Shareholders' equity	1,285
Book value	751

Corporate name: PP&E S.R.L.	
Registered office: Milano, Via F. Casati 1/A	
Share capital	100
Shareholders' equity	128
Book value	101

Corporate name: FINPROM S.R.L.	
Registered office: Romania, Arad, Str. Cocorilor n. 24/A	
Share capital	10
Shareholders' equity	1,665
Book value	104

Ragione sociale: CENTRO PERIZIE S.R.L.	
Registered office: Milano, Via F. Casati 1/A	
Share capital	10
Shareholders' equity	5
Book value	10

5. Deferred tax assets

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

As of December 31, 2009 the amount was equal to Euro 8 thousand and was generated by the deferred tax deductibility of some expenses (equal to Euro 29 thousand), and of some anticipated depreciation costs, equal to Euro 2 thousand, compared to their immediate recognition in the income statement according to the accrual principle.

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, 2010 and 2009:

(euro thousand)	As of December 31, 2010	December 31, 2009	Change	%
A. Cash and cash equivalents	10,875	26,765	(15,890)	-59.4%
B. Other cash equivalents	-	-	-	N/A
C. Securities held for trading	11,075	-	11,075	N/A
D. Liquidity (A) + (B) + (C)	**21,950**	**26,765**	**(4,815)**	**-18.0%**
E. Current financial receivables	**-**	**-**	**-**	**N/A**
F. Bank borrowings	-	-	-	N/A
G. Current portion of long-term borrowings	(666)	(1,214)	548	-45.1%
H. Other short-term borrowings	(30,000)	(18,028)	(11,972)	66.4%
I. Current indebteness (F) + (G) + (H)	**(30,666)**	**(19,242)**	**(11,424)**	**59.4%**
J. Net current financial position (I) + (E) + (D)	**(8,716)**	**7,523**	**(16,239)**	**-215.9%**
K. Non-current portion of long-term bank borrowings	(1,352)	(3,709)	2,357	-63.5%
L. Bonds issued	-	-	-	N/A
M. Other non-current borrowings	-	-	-	N/A
N. Non-current Indebteness (K) + (L) + (M)	**(1,352)**	**(3,709)**	**2,357**	**-63.5%**
O. Net financial position (J) + (N)	**(10,068)**	**3,814**	**(13,882)**	**-364.0%**

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, 2010 have joined this system, except cercassicurazioni.it S.r.l. and Centro Perizie S.r.l..

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 25.

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. The securities are senior bonds issued by leading Italian banks which pay either fixed or variable coupon rates.

As of December 31, 2010 the balance sheet value of this item is equal to Euro 10,879 thousand. The following table presents the detail of the security portfolio as of December 31, 2010:

Description	Maturity date	Coupon	Interest rate	Amortized cost as of December 31, 2010
Corporate bond Mediobanca	January 2011	Quarterly	Fixed rate	502
Corporate bond Banca Intesa	April 2011	Yearly	Fixed rate	5,121
Corporate bond MPS	June 2011	Yearly	Floating rate	5,256
				10,879

8. Tax receivables

This item comprises receivables for current taxes (IRES). The amount in the statement of financial position as of December 31, 2010, equal to Euro 370 thousand (Euro 68 thousand as of December 31, 2009), represents the Group's receivable on a consolidated basis, since the Company, as holding, participates in the tax consolidation regime provided by Italian law, together with its 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. and cercassicurazioni.it S.r.l.. The amount recognized in the statement of financial position is net of the advance withholding taxes and tax advances paid in 2010.

As of December 31, 2010 there were no payables for current taxes.

The statement of financial position as of December 31, 2010 does not present any recognition for regional income tax ("IRAP"), because the Company closed the year with a taxable loss for IRAP.

9. Other current assets

The following table presents the detail of the item as of December 31, 2010 and 2009:

	As of	
(euro thousand)	**December 31, 2010**	**December 31, 2009**
Recivables from subsidiaries for dividends	14,165	-
Receivables from subsidiaries for national tax consolidation regime	4,858	4,749
Loan to a subsidiary	540	-
VAT receivables	132	102
Accruals and prepayments	35	28
Advances to suppliers	1	17
Total other current assets	**19,731**	**4,896**

Receivables from subsidiaries are as follows:

(euro thousand)	As of December 31, 2010	As of December 31, 2009
Receivables for national tax consolidation regime:		
From MutuiOnline S.p.A.	2,521	2,808
From CreditOnline Mediazione Creditizia S.p.A.	1,484	1,500
From Centro Istruttorie S.p.A.	501	-
From Centro Finanziamenti S.p.A.	293	441
From PP&E S.r.l.	59	-
Total receivables for tax consolidation regime	**4,858**	**4,749**
Receivables for dividends:		
From MutuiOnline S.p.A.	7,500	-
From CreditOnline S.p.A.	4,879	-
From Centro Finanziamenti S.p.A.	1,786	-
Total receivables for dividends	**14,165**	**-**
Loan to a subsidiary:		
Loan to Centro Perizie S.r.l.	540	-
Total loan to subsidiary	**540**	**-**
Total receivables from subsidiaries	**19,563**	**4,749**

SHAREHOLDERS' EQUITY

10. Share capital and reserves

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

On April 22, 2010, the shareholders' meeting approved the distribution of a dividend of Euro 13,665 thousand, from which Euro 12,906 thousand from the distribution of the earnings for financial year 2009 and Euro 759 thousand from the net income reserve of the previous financial years. Such dividends have been paid out with ex dividend date May 3, 2010 and payable date May 6, 2010.

As of December 31, 2010, the Company's share capital is composed of 39,511,870 shares without nominal value. During the year ended December 31, 2010, there were no changes in the number of outstanding shares.

During the year ended December 31, 2007, the Company initiated a buy back program, 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, 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, up to the 10% of share capital, or a higher quantity permitted by the applicable pro tempore law.

As of December 31, 2010, the Company had purchased 500,000 own shares, equal to 1.265% of ordinary share capital, at a total cost of Euro 2,410 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 13 thousand as of December 31, 2010, and from the distributable reserves for an amount equal to the remaining part of the purchase cost.

(euro thousand)	As of December 31, 2010	December 31, 2009
Book value of own shares	**2,410**	**2,410**
(of which) offsetting share capital	13	13
(of which) offsetting other reserves	2,397	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, 2010	Possible utilization	Available amount	for purchase of own shares	for share capital increase	for dividend distribution and income allocation
Share capital	987			(3)		
Earnings reserves:						
Legal reserve	200	B	-			
Stock option reserve	498	A,B,C	498	(2,397)		
Retained earnings	827	A,B,C	827	2,039	-	(25,258)
Net income	13,622	A,B,C	13,622			
Total shareholders' equity	**16,134**		**14,947**			
Not available for distribution			498			
Remaining distributable amount			14,449			

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 situation of the item:

(euro thousand)	As of December 31, 2010	December 31, 2009
Bank borrowings	1,352	3,709
1 - 5 years	1,352	3,709
Total long-term borrowings	**1,352**	**3,709**

Bank borrowings refer to a loan from Intesa Sanpaolo S.p.A. granted in 2006.

During the financial year ended December 31, 2010, the Issuer has prepaid part of the remaining borrowing for an amount equal to Euro 1,700 thousand.

The loan 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, 2010	December 31, 2009
- between one and two years	669	1,214
- between two and three years	683	1,236
- between three and four years	-	1,259
Total	**1,352**	**3,709**

The interest rate on the loan 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 book value of the financial liabilities represents their fair value.

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 these covenants since the signing of the contract.

12. Defined benefit program liabilities

The following table presents the situation of the item:

(euro thousand)	As of December 31, 2010	December 31, 2009
Employees' termination benefits	52	30
Directors' termination benefits	27	29
Total defined benefit program liabilities	**79**	**59**

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, 2010 and 2009:

	As of December 31, 2010	As of December 31, 2009
ECONOMIC ASSUMPTIONS		
Inflation rate	2%	2%
Discount rate	4.6%	5.1%
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. This liability derives from an agreement signed with a minority stakeholder of cercassicurazioni.it S.r.l., to whom a put option for this stake was granted; at the same time the minority stakeholder granted a call option for the same stake to the Group. The options are exercisable at the same price during the period from January 1, 2014 to June 30, 2014.

CURRENT LIABILITIES

14. Short-term borrowings

Short-term borrowings include the current payables on the loan from Intesa Sanpaolo S.p.A., including accruals for the interest of the period, for an amount equal to Euro 666 thousand as of December 31, 2010.

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%. As of December 31, 2010, this facility has not been utilized.

Finally, it is worth highlighting that the increase of the item as of December 31, 2010, 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 25.

15. Trade and other payables

The amount of the item is equal to Euro 742 thousand (Euro 399 thousand as of December 31, 2009) and includes only payables to suppliers and payables to subsidiaries for interests accrued in the scope of cash pooling for Euro 181 thousand.

16. Other current liabilities

The following table presents the situation of the item:

	As of	
(euro thousand)	**December 31, 2010**	**December 31, 2009**
Liabilities to subsidiaries	476	126
Liabilities to personnel	28	40
Social security liabilities	28	31
Social security liabilities on behalf of employees	50	55
Accruals and prepayments	90	11
Total other liabilities	**672**	**263**

17. Stock option plan

Stock option plan approved by shareholders' meeting on February 9, 2007

On February 9, 2007, the shareholders' meeting approved the rules for the stock option plan for the benefit of certain directors, employees and other personnel of the Group, effective as of the first day of trading of the shares.

On June 25, 2007, the Company's Board of Directors resolved to offer some stock options to the executive directors, Marco Pescarmona, Alessandro Fracassi and Stefano Rossini, according to the rules, effective as of June 6, 2007.

On July 9, 2007 the Company's executive committee resolved the allotment of stock options to certain employees and other personnel of the Group.

On February 11, 2008 the Company's executive committee resolved the allotment of 142,000 stock options to certain employees and other personnel of the Group, with an exercise price equal to Euro 3.80 per share.

The periods for the exercise of the vested options should be established at the grant date.

The valuation of the stock options offered on June 25, 2007 is based taking into account the offer price of the shares at the date of the listing which took place June 6, 2007, while the valuation of the options offered on July 9, 2007 and February 11, 2008 has been set taking into account the official prices of the shares on the Italian Stock Exchange.

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 (%)	4%
Maturity (years)	6
Implicit volatility (%)	30%
Dividend yield	3%

In terms of vesting, the options will be exercisable 36 months after the grant date, and shall be exercisable within pre-defined exercise windows.

The valuation of implicit volatility for the stock option plans is based on the analysis of a basket of companies with a market capitalization on the Segment STAR included in a range from Euro 200 million to Euro 300 million.

On May 7, 2009, the Board of Directors of the Company resolved an allotment of 200,000 stock options to directors Marco Pescarmona and Alessandro Fracassi.

On the same date of the allotment the Board of Directors also decided that these stock options were subject to the achievement of certain performance parameters, established by the board itself, and calculated on the consolidated income statement for the financial year ended December 31, 2009 and exercisable after December 31, 2009, within pre-defined exercise windows. The parameters established by the board were fully achieved and, therefore, the options are fully exercisable.

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 (%)	1.1%
Maturity (years)	3,5
Implicit volatility (%)	43%
Dividend yield	4.6%

The parameters used for the valuation of options granted on May 7, 2009 refer to data collected at the same date of the allotment of the options and refer to the most recent economic/financial variables.

Stock option plan approved by shareholders' meeting on November 9, 2010

On November 9, 2010 the shareholders' meeting approved the rules for a stock option plan for the benefit of certain directors, employees and other personnel of the Group.

On June 22, 2010 the Company's Board of Directors resolved to offer some stock options to the executive directors, Marco Pescarmona and Alessandro Fracassi, according to the rules, at an exercise price equal to Euro 5.196.

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 (%)	2.16%
Maturity (years)	6
Implicit volatility (%)	40%
Dividend yield	6.54%

On December 16, 2010 the Company's executive committee resolved the allotment of stock options to certain employees and other personnel of the Group, at an exercise price equal to Euro 5.126 per share.

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 (%)	2.17%
Maturity (years)	6
Implicit volatility (%)	40%
Dividend yield	6.90%

Summary for the financial year ended December 31, 2010

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

Stock options as of January 1, 2010	2,067,500
Stock options offered in 2010	905,000
Stock option not vested after the resignations in 2010	(240,000)
Stock options as of December 31, 2010	2,732,500
(of which) vested in 2010	*1,822,000*

The options have the following exercise prices:

Stock options' exercise price	
n. 1,612,000	7.50
n. 200,000	4.50
n. 10,000	6.20
n. 5,500	3.80
n. 800,000	5.196
n. 105,000	5.126

The following table presents the value of each stock option at the date of the offering:

Stock options' yearly value	
n. 1,560,000	0.91
n. 200,000	0.88
n. 52,000	1.13
n. 10,000	1.44
n. 5,500	0.80
n. 800,000	1.06
n. 105,000	0.91

The weighed average price of the shares for the year ended December 31, 2010 was equal to Euro 5,529.

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

In the income statement for the year ended December 31, 2009 there are costs equal to Euro 748 thousand related to the stock option plan.

NOTES TO THE MAIN ITEMS OF THE INCOME STATEMENT

18. 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.

The following table presents the dividends resolved by the subsidiaries during the years ended December 31, 2010 and 2009:

	Years ended	
(euro thousand)	**December 31, 2010**	**December 31, 2009**
Dividend from MutuiOnline S.p.A.	7,500	7,084
Dividend from CreditOnline Mediazione Creditizia S.p.A.	4,879	4,249
Dividend from Centro Istruttorie S.p.A.	1,786	3,649
Dividend from Centro Finanziamenti S.p.A.	1,556	-
Total dividends deliberated by subsidiaries	**15,721**	**14,982**

19. Services costs

	Years ended	
(euro thousand)	**December 31, 2010**	**December 31, 2009**
Communication expenses	(1,004)	(760)
Technical, legal and administrative consultancy	(386)	(269)
Rental and lease expenses	(133)	(92)
Other general expenses	(193)	(155)
Total services costs	**(1,716)**	**(1,276)**

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

20. Personnel costs

The following table presents the details of the item for the financial years ended December 31, 2010 and 2009:

(euro thousand)	Years ended December 31, 2010	December 31, 2009
Wages and salaries	(316)	(196)
Directors' compensation	(261)	(281)
Social security contributions	(93)	(86)
Defined benefit program liabilities	(33)	(26)
Stock option expenses	(264)	(748)
Other costs	(10)	(6)
Total personnel costs	**(977)**	**(1,343)**

The average headcount as of December 31, 2010 and 2009 is as follows:

categories	2010 Average number	2009 Average number
Managers	1	1
Supervisors	1	1
Employees	9	4
Total	**11**	**6**

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

21. Financial income and expenses

The following table presents the details of the item for the financial years ended December 31, 2010 and 2009:

(euro thousand)	Years ended December 31, 2010	December 31, 2009
Financial income	235	129
Interest expense	(198)	(282)
Net financial loss	**37**	**(153)**

22. Income tax expense

With respect to corporate income tax, in the financial year ended December 31, 2010, 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 489 thousand, whose financial counterbalance offsets current tax liabilities.

The benefit deriving from the partial not taxability of the dividends accrued during the year directly offsets the tax expenses for an amount equal to Euro 21 thousand, for the dividends received during the financial year ended December 31, 2010, and increases the deferred tax liabilities for an amount equal to Euro 195 thousand, for the dividends that were not cashed as of December 31, 2010. Besides, because of the deferred tax deductibility of some costs compared to their accrual, during the year ended December 31, 2010 the Company recognized further deferred tax assets equal to Euro 2 thousand, which directly offset deferred tax liabilities.

No regional income taxes ("IRAP") are due.

23. 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, 2010 participate in the tax consolidation regime, except Effelle Ricerche S.r.l. and Centro Perizie S.r.l..

The net consolidated tax receivables amount to Euro 370 thousand and are recorded in the statement of financial position among "Current tax receivables":

(euro thousand)	**Assets**	**Liabilities**
Gruppo MutuiOnline S.p.A.	727	-
MutuiOnline S.p.A.	-	2,521
CreditOnline Mediazione Creditizia S.p.A.	-	1,484
Centro Istruttorie S.p.A.	-	501
Centro Finanziamenti S.p.A.	-	293
PP&E S.r.l.	-	59
cercassicurazioni.it S.r.l.	476	
Consolidated advances	4,025	-
Total assets and liabilities	**5,228**	**4,858**
Total net assets and liabilities	**370**	

24. 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 512 thousand, of which Euro 251 thousand for stock option expenses.

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

The following table provides the fees paid to the independent auditors by the Company and its subsidiaries for the financial year ended December 31, 2010:

(euro thousand)	**Year ended December 31, 2010**
Audit	34
Accounting due diligence on companies subject to acquisition	14
Total fees paid to the independent auditor	**48**

25. 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, 2010	December 31, 2009
Trade receivables			
MutuiOnline S.p.A.	Subsidiary	22	-
CreditOnline Mediazione Creditizia S.p.A.	Subsidiary	22	-
Centro Istruttorie S.p.A.	Subsidiary	32	-
Centro Finanziamenti S.p.A.	Subsidiary	22	-
PP&E S.r.l.	Subsidiary	24	-
Total trade receivables from related parties		**122**	**-**
Trade and other payables			
MutuiOnline S.p.A.	Subsidiary	74	-
CreditOnline Mediazione Creditizia S.p.A.	Subsidiary	41	-
Centro Finanziamenti S.p.A.	Subsidiary	8	-
PP&E S.r.l.	Subsidiary	58	-
Total trade and other payables to related parties		**181**	**-**
Other current assets			
MutuiOnline S.p.A.	Subsidiary	10,021	2,808
CreditOnline Mediazione Creditizia S.p.A.	Subsidiary	6,362	1,500
Centro Istruttorie S.p.A.	Subsidiary	501	-
Centro Finanziamenti S.p.A.	Subsidiary	2,078	441
PP&E S.r.l.	Subsidiary	59	-
Centro Perizie S.r.l.	Subsidiary	540	-
Total other current assets from related parties		**19,561**	**4,749**
Other current liabilities			
Centro Istruttorie S.p.A.	Subsidiary	-	112
PP&E S.r.l.	Subsidiary	-	14
cercassicurazioni.it S.r.l.	Subsidiary	476	-
Total other current liabilities to related parties		**476**	**126**
Cash and cash equivalent			
Centro Istruttorie S.p.A.	Subsidiary	282	1,367
PP&E S.r.l.	Subsidiary	1,382	-
Total cash and cash equivalent with related parties		**1,664**	**1,367**
Short-term borrowings			
MutuiOnline S.p.A.	Subsidiary	18,388	9,586
CreditOnline Mediazione Creditizia S.p.A.	Subsidiary	10,266	5,809
Centro Finanziamenti S.p.A.	Subsidiary	1,346	2,159
PP&E S.r.l.	Subsidiary	-	474
Total short-term borrowings with related parties		**30,000**	**18,028**

The other current assets and liabilities refer to trade receivables and liabilities of subsidiaries as of December 31, 2010 for the participation to the tax consolidation regime and to dividend receivables approved from subsidiaries but not yet paid, and also to receivables for financing subsidiary Centro Perizie S.r.l..

The treasury of the Italian companies of the Group, except cercasssicurazioni.it S.r.l., Effelle Ricerche 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, 2010.

(euro thousand)	**Relationship**	**Years ended December 31, 2010**	**December 31, 2009**
Revenues			
MutuiOnline S.p.A.	Subsidiary	7,518	7,102
CreditOnline Mediazione Creditizia S.p.A.	Subsidiary	4,897	4,267
Centro Istruttorie S.p.A.	Subsidiary	18	18
Centro Finanziamenti S.p.A.	Subsidiary	1,804	3,667
PP&E s.r.l.	Subsidiary	18	18
Finprom S.r.l.	Subsidiary	1,556	-
Total revenues from related parties		**15,811**	**15,072**
Services costs			
PP&E S.r.l.	Subsidiary	48	-
cercassicurazioni.it S.r.l.	Subsidiary	-	25
Total services costs from related parties		**48**	**25**
Financial income			
Centro Istruttorie S.p.A.	Subsidiary	10	1
PP&E S.r.l.	Subsidiary	4	-
Total financial income from related parties		**14**	**1**
Financial expenses			
MutuiOnline S.p.A.	Subsidiary	74	39
CreditOnline Mediazione Creditizia S.p.A.	Subsidiary	42	28
Centro Istruttorie S.p.A.	Subsidiary	-	3
Centro Finanziamenti S.p.A.	Subsidiary	8	23
Total financial expenses from related parties		**124**	**93**

The revenues for the year ended December 31, 2010 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., and for which as of December 31, 2010 there is also a commercial debt equal to Euro 58 thousand.

Financial incomes and expenses with related parties are related to interests accrued during the financial year ended December 31, 2010 on the cash pooling accounts.

In the financial year ended December 31, 2010 we do not indentify any other related parties translations.

26. Subsequent events

Pursuant to the share buy back program serving the stock option plan within the limits and with the purposes of the authorization granted by the shareholder's meeting on November 9, 2010, the Issuer has purchased further shares of the Issuer after December 31, 2010. As of the date of approval of this report, the Issuer holds a total of 516,598 of its own shares, equal to 1.307% of ordinary share capital.

Milan, March 10, 2011

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

REPORT ON CORPORATE GOVERNANCE

pursuant to art. 123-bis of the Consolidated Law on Finance, to art. 89-bis of the Issuer Regulations and o art. IA.2.6 of the Instructions to the Regulations of the Markets organized and managed by Borsa Italiana S.p.A.

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

Financial year of reference: 2010
Date of approval of the report: March 10, 2011
Date of publication of the report: March 10, 2011

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 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..

Consob: National Commission for Companies and Stock Exchange.

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.

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

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

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

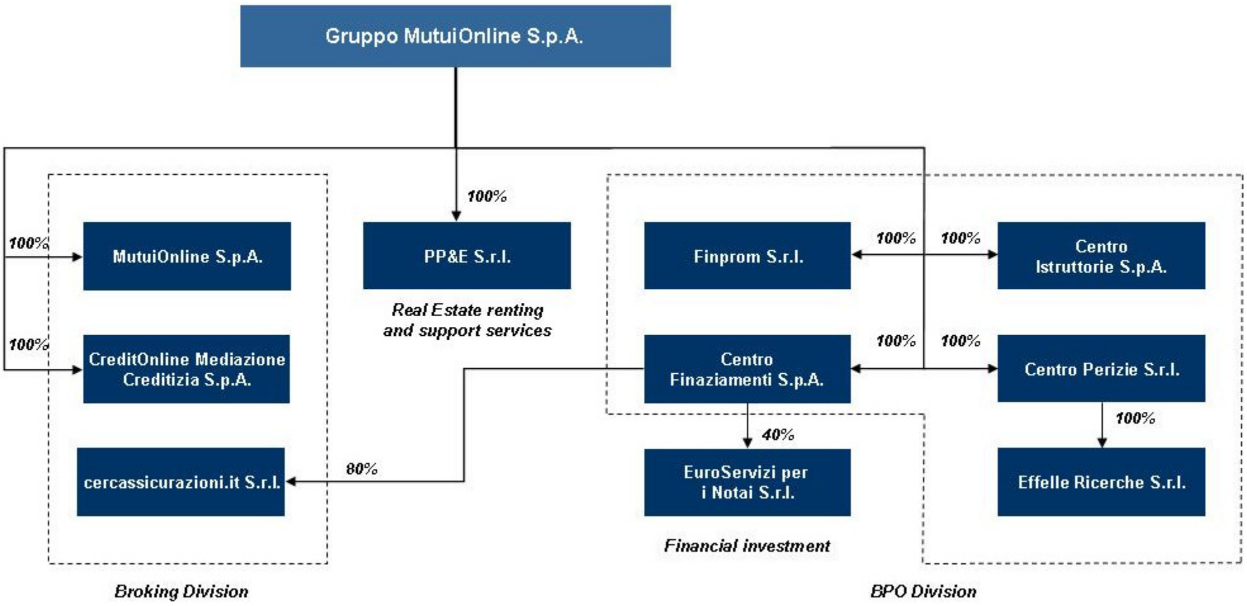
Report: the report on corporate governance and company structure that companies are required to prepare pursuant to article 123-bis of TUF, article 89-bis of the Market Regulations and article IA.2.6. of the Instructions for the Italian Stock Exchange Market Regulations.

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, 2010

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 Table 1 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 Company 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, 2010 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".

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, 2010, 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 2 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, 2010, the Group's companies held in total 1,756,496 shares of the Issuer, of which 500,000 shares were directly held by the Issuer, 1,104,974 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 4.445% 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 companies of the Group hold 1,906,238 shares of the Issuer, of which 516,598 shares are directly held by the Issuer, 1,238,118 shares are held by subsidiary MutuiOnline S.p.A, and 151,522 shares are held by subsidiary Centro Istruttorie S.p.A., in total equal to 4.824% of the ordinary share capital.

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

On February 9, 2007, Alma Ventures S.A. and Stefano Rossini entered into a shareholders' agreement. You may find an extract of this agreement on the website of the Issuer in the section "Governance", "Other documents".

During the financial year the agreement was extended twice, the first time until June 30, 2010 and the second until December 31, 2010 without changing any of the other clauses of the Agreement. The extracts of these renewals are available on the website of the Issuer in the section "Governance", "Other documents".

Starting from December 31, 2010 the shareholders agreement was dissolved. The press release regarding the dissolution of the agreement is available on the Issuer's website in the section "Investor Relations", "Press releases".

The issuer is not aware of any other 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.

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 April 22, 2010, the shareholders' meeting revoked, for the unused portion, the previous authorization for the purchase and sale of own shares dated April 23, 2009 and authorized the board to purchase own shares within the limits of retained earnings and distributable reserves resulting from the last approved annual report of the Issuer, in order to provide the Issuer with own shares to be used for:

i. the service of the stock option plan for employees, directors and collaborators of the Group;

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

iii. possible strategic transactions contemplated by the Issuer;

iv. efficient investment of the liquidity of the Group.

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:

i. for activities in support of market liquidity;

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

iii. to allot the own shares purchased to program of distribution, 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. 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. efficient investment of the liquidity of the Group.

The authorization for the purchase of own shares approved on April 22, 2010 was granted for a limit up to 10% (ten percent) of the share capital, or a higher quantity permitted by the currently applicable law, 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 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, 2010 the companies of the Group held a total of 1,756,496 shares, and as of the date of approval of the present Report, hold a total of 1,906,238 shares of the Issuer, divided as follows:

Shareholder company	Shares held as of December 31, 2010	Shares held as of March 10, 2011	Date of the last authorization of the shareholders' meeting
Gruppo MutuiOnline S.p.A.	500,000	516,598	November 9, 2010
MutuiOnline S.p.A.	1,104,974	1,238,118	October 23, 2009
Centro Istruttorie S.p.A.	151,522	151,522	April 24, 2008
Total	**1,756,496**	**1,906,238**	

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 additional information referred in the Article 123-*bis* of TUF, please refer to the following paragraphs of this Report, as instructed below:

- for information on 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 following paragraph 9;

- for information on 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;

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- for information on the main principles of the existing risk management and internal control systems (article 123-*bis*, paragraph 2, letter b)), please refer to the following paragraphs 10 and 11;

- for information on the operating mechanisms of the shareholders' meeting, on its main powers, on the rights of the shareholders and on how they can be exercised (article 123-*bis*, paragraph 2, letter c)), please refer to the following paragraph 16;

- for information on the composition and operation of the administrative and supervisory bodies and their committees (article 123-*bis*, paragraph 2, letter d)), please refer to the following paragraphs 4, 6, 7, 8, 10, 13 and 14.

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 provisions of the Articles of Association regulating the composition and the appointment of the Issuer's Board of Directors (articles 15 and 16 of Articles of Association) are suitable to ensure compliance with the provisions of Legislative Decree January 27, 2010 n. 27 regarding the implementation of Directive 2007/36/CE on shareholders' rights in listed companies. The changes to the Articles of Association to ensure compliance with the new law were approved by the Board of Directors on November 11, 2011.

The Company is led by a Board of Directors composed of a minimum of seven members to a maximum of ten 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 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, represent at least 4.5% of the share capital, or the different limit provided by the law in force. It is worth pointing out that on January 26, 2011, Consob, with resolution n. 17633, resolved set 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, 2010; as the market float does not exceed 25% of the ordinary share capital, the Issuer has identified a shareholding threshold of 2.5% of the shares with voting rights in the shareholders' meeting, lower than the one provided by the Articles of Association.

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.

4.2. Composition

The current Board of Directors appointed by the shareholders' meeting of April 24, 2008, in which only one list of candidates was submitted, proposed by shareholders Alma Ventures S.A., Stefano Rossini, Nestor 2000 S.A. and Jupiter Venture S.A. and will remain in charge until the approval of the financial statement for the year ended December 31, 2010. The list of candidates belonging to that list received a favorable vote by all the shareholders present, representing 69.723% of the voting capital. Initially the Board of Directors was composed by 10 members, but during the mandate the Board was modified as follows:

- Marco Veroni resigned from the office of director on May 8, 2008, and for his replacement, the Board co-opted, on August 7, 2008 and until the approval of the 2008 financial statements, Daniele Ferrero as an independent member of the Board. During the ordinary shareholders' meeting of April 23, 2009 Daniele Ferrero was confirmed and elected as an independent member of the Board of Directors until the expiry of the Board currently in charge.

- Paolo Gesses resigned from the office of director on February 11, 2010, and for his replacement, the Board co-opted, on February 12, 2010 and until the subsequent shareholders meeting, Giuseppe Zocco as a member of the Board. During the shareholders' meeting of April 22, 2010 Giuseppe Zocco was confirmed and elected as a member of the Board of Directors until the expiry of the Board currently in charge.

- Stefano Rossini resigned from the office of executive director on August 26, 2010. The Board of Directors held on October 8, 2010 resolved to propose the reduction of the number of the members of the Board of Directors from ten to nine, pursuant to article 15, paragraph 1 of the Articles of Association, since the remaining members of the Board would have remained in office for a short time, exactly until the shareholders' meeting called for the approval of the financial statements for the year ended December 31, 2010. On November 9, 2010 the shareholders' meeting accepted this proposal.

Currently, the Board of Directors consists of 9 members. The members in office as of December 31, 2010 are shown in Table 3, in appendix, concerning the structure of the Board and committees.

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, "Other documents".

There are no directors that have ceased to hold office after December 31, 2010.

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 large-sized 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 Table 4 in the appendix.

4.3. Role of the Board of Directors

During 2010, the current Board of Directors met 7 times for an average of about two hours and forty 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 2011 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 2010 has already been held, for the approval of the draft statutory financial statements for the financial year ended on December 31, 2010.

The members of the Board of Directors are provided, in proper manner and time, with the documentation and information necessary for decision-making.

The Board of Directors plays a central role within the corporate organization and has the task and responsibilty 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.

The positions as directors of subsidiaries, except cercassicurazioni.it S.r.l., Finprom S.r.l. and Effelle Ricerche S.r.l., are covered exclusively by the executive directors of the Issuer, Marco Pescarmona and Alessandro Fracassi. In subsidiaries cercassicurazioni.it S.r.l. and Finprom S.r.l., Marco Pescarmona is the chairman of the Board of Directors; in cercassicurazioni.it S.r.l. he has no operating powers. In subsidiary Effelle Ricerche S.r.l. Alessandro Fracassi and Marco Pescarmona are respectively chairman of the Board of Directors and Chief Executive Officer. In the associated company EuroServizi per i Notai S.r.l., Marco Pescarmona and Alessandro Fracassi are non-executive members of the Board of Directors.

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.

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.

The Board considered suitable to make no 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.

It is worth pointing out that the Board considers all the companies of the Group as strategically relevant.

On May 11, 2010, the Board also approved, after examining the proposals of the relevant committee and after inquiring the Board of Statutory Auditors, the 2010 remuneration and incentive plan for executive directors, subordinating 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, 2010.

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.

The Board established general criteria to identify related party transactions which have a significant strategic, economic and financial relevance for the Issuer (for more details please refer to paragraph 12).

The Board, taking into account the relatively simple organizational structure, considers it suitable not to make any evaluation of the size, composition and functioning of the Board itself and of its committees.

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 article 2381 of the civil code, 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 8, 2008 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 24, 2008 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 Associate, 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 article 2381 of the civil code.

The Board of Directors of the Company, during the meeting of May 8, 2008, has appointed the executive committee composed by Marco Pescarmona, Alessandro Fracassi and Stefano Rossini, already members of the previous executive committee. As already mentioned, Stefano Rossini has resigned from all his offices on August 26, 2010. On that date, the Board has confirmed Alessandro Fracassi (chairman) and Marco Pescarmona as members of the 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); during the meeting of February 12, 2010 the Board has granted to the members of the Executive Committee, with separate signatures, the authorization to manage liquidity and treasury within the limit of Euro 15,000,000, including through investments in low-risk bonds.

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.

During 2010, the executive committee met 7 times, for the average length of about 20 minutes for each meeting. For the year 2011 no meetings of the executive committee have been programmed. As of the date of the approval of this Report there has been a meeting not previously planned in order to decide on the allocation of stock options provided by the stock option plan approved by the Shareholders' meeting on November 9, 2010. For the composition and rates of attendance at meetings please refer to Table 3, in appendix, concerning the structure of the Board of Directors and of the committees.

In particular, during the year 2010, the executive committee was called:

- to assign to Marco Pescarmona the power of investing the company's liquidity in low risk bonds within the limit of Euro 5,000,000;
- to initiate the Group's cash pooling service and authorize the executive directors to sign relevant acts, by granting them severally, the widest powers;
- 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.

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 operations, for their size or characteristics, performed by the Company and its subsidiaries, and on operations 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 delegations assigned, for all the companies of the Group, at the first available meeting.

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 following offices in subsidiaries and associated companies:

Company	Alessandro Fracassi	Marco Pescarmona
MutuiOnline S.p.A.	Chief Executive Officer	Chiarman
CreditOnline Mediazione Creditizia S.p.A.	Chief Executive Officer	Chiarman
Centro Finanziamenti S.p.A.	Chiarman	Chief Executive Officer
Centro Istruttorie S.p.A.	Chiarman	Chief Executive Officer
Finprom S.r.l.	-	Chiarman
Centro Perizie S.r.l.	Chief Executive Officer	Chiarman
Effelle Ricerche S.r.l.	Presidente	Chief Executive Officer
PP&E S.r.l.	Chief Executive Officer	Chiarman
cercassicurazioni.it S.r.l.	-	Chiarman*
EuroServizi per i Notai S.r.l.	Director	Director

** Chairman without operating powers*

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 24, 2008 appointed as independent directors Alessandro Garrone, Andrea Casalini and Paolo Vagnone. The assessment that the directors appointed have all the necessary independence requirements was made directly by the shareholders' meeting, upon their appointment, based on the documentation submitted. The ordinary shareholders' meeting of April 23, 2009 elected and appointed Daniele Ferrero as independent member of the Board of Directors, until the expiry of the Board currently in office; the assessment that Daniele Ferrero meets all the independence requirements was performed by the Board of Directors, under the supervision of the Board of Statutory Auditors, at the time of appointment, which took place on August 7, 2008.

On May 11, 2010 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 11, 2010, 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 met during the year without the other directors on one occasion. The main issues of this meeting, which took place on January 15, 2010, were (i) the impact of crisis on the three-year business plan in progress and any relative eventual update, (ii) possible strategies of internal and/or external growth, (iii) analyses of the development plan and studies on the introduction of an annual review of the performances and of the "key people" map in the organizational structure, and (iv) assessment of the financial position of the Group in order to optimize liquidity management.

4.7. Lead independent director

The conditions provided by the Code being met, the Board of Directors, in the meeting of May 8, 2008, 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 independent directors. 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. He has also informed the Executive Committee about the issues covered during the meetings of the independent directors in order to keep appropriate discussions during Board meetings. Finally, the Lead Independent Director has coordinated the necessary activities for the preparation of the procedure for the transactions with related parties.

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.

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 two communications received by the Company during 2010 have been regularly published and are available on the Website, in the section "Governance", "Internal dealing".

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 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 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 8, 2008, has designated the independent directors Paolo Vagnone, Alessandro Garrone and Andrea Casalini as members of the remuneration committee. Director Paolo Vagnone has been appointed chairman of this committee.

During 2010, the remuneration committee has met four times for an average of about one hour and thirty six minutes, with the task of assessing the level of remuneration of the directors of the Group, taking advantage of the possibility to access the business functions and information necessary to perform this task. For the composition and rates of attendance at meetings please refer to Table 3, in appendix, concerning the structure of the Board and committees.

The meetings of the remuneration committee that took place during the financial year have been properly recorded and the relative minutes were transcribed in the register available at the administrative office of the Company.

The executive directors have not attended the meetings of the remuneration committee held on February 11, 2010 and May 11, 2010, which led to the submission of proposals to the Board concerning their remuneration. Non-executive director and chairman of the Control Committee

Marco Zampetti has attended both these meetings, invited to serve as secretary on each occasion. These meeting were also attended by the Chairman of the Board of Statutory Auditors, Fausto Provenzano.

On February 11, 2010 the remuneration committee met to determine the variable remuneration of the executive directors for the year 2009.

On May 11, 2010 the remuneration committee met to plan the 2010 activities and to define a proposal for the variable remuneration of the executive directors and the calculation model based on performance indicators for financial year 2010. The remuneration committee presented at the Board meeting of May 11, 2010, the incentive and remuneration scheme for the executive directors, determined as described. This scheme was approved by the Board.

During the subsequent meetings of the remuneration committee held on September 10 and November 19, 2010, the guidelines of the new stock option plan 2011-2013 to be submitted to the Board of Directors of the Company were proposed, discussed, analyzed and approved. These meetings were attended by the members of the remuneration committee, the chairman of the Board of Statutory Auditors Fausto Provenzano, and the non-executive director and chairman of the Control Committee Marco Zampetti (who in both cases served as secretary) and the executive directors Marco Pescarmona and Alessandro Fracassi (the latter attend only the meeting of September 10, 2010). The Board meeting held on November 22, 2010 has approved the guidelines of the stock option plan for the benefit of directors, employees and other personnel of the Group.

There are no meetings of the remuneration committee scheduled for 2011. On March 9, 2011 the remuneration committee met to determine the final compensation for the financial year attributable to the executive directors in charge at the date of the meeting. In addition to the members of the committee, the non-executive director and chairman of the 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 8, 2008, has resolved a total compensation, on annual basis, for the members of the remuneration committee equal to Euro 10 thousand in total.

No financial resources have been designated to the remuneration committee, since the committee uses the Issuer's resources and facilities for the performance of its tasks.

9. REMUNERATION OF DIRECTORS AND MANAGERS

Pursuant to article 25 of the Articles of Association, the directors are entitled to an annual compensation approved by the shareholders' meeting that provides for their appointment, and shall remain unchanged until otherwise resolved by the shareholders' meeting itself. The shareholders' meeting may also resolve to provide annual installments for a special reserve for termination benefits dedicated to directors. The directors are also entitled to reimbursement of the expenses incurred in the exercise of their office. Alternatively, the shareholders' meeting may determine a total amount for the remuneration of all the directors, including those invested with special functions, the allotment of which is decided by the Board of Directors.

The shareholders' meeting of April 24, 2008, upon the appointment of the Board, resolved an annual compensation for the directors amounting to Euro 220 thousand, and, for the executive directors Marco Pescarmona, Alessandro Fracassi and Stefano Rossini, the allocation of the annual provisions to a special termination benefit fund.

The amount of compensation received by the members of the Board of Directors during the year is shown in detail in the explanatory notes attached to the Financial Statements pursuant to article 78 and Annex 3C of the Issuer Regulations.

The executive directors, in addition to the remuneration received by virtue of the office and of their roles in the organizational structure of the Group, have received an incentive remuneration related to the economic results achieved by the Group at a consolidated level. The parameters used to determine this additional remuneration have been EBITDA (calculated as net income before income tax expense, net financial income, depreciation and amortization), total revenues and revenues from new projects launched during the period under review.

For executive directors Marco Pescarmona and Alessandro Fracassi this incentive remuneration was partially granted through the allotment of stock options, for a value corresponding to the exercise price of the options in the income statement of the Company, in accordance with the proper procedure of allocation provided by the international accounting principles.

The incentive remuneration, including stock options, received by the executive directors for the financial year ended December 31, 2010 is more than half of their total remuneration from the Company.

The non-executive directors do not receive remuneration linked to the economic performance of the Issuer and are not recipients of stock option incentive plans.

As of the date of approval of this Reports there are no managers with strategic responsibilities except the members of the Executive Committee.

For the details about the compensation paid to the member of administrative and controlling bodies, to the general managers and to the managers with strategic responsibilities please refer to the table presented in the director's report on operations.

In general, the Company pursues a policy of remuneration for the delegated bodies and senior managers that provides incentives linked to the Company's performance, and also through specific incentive plans that provide for the allocation of stock options.

The following table presents a summary of the options granted to the components of the management and control bodies and to the managers with strategic responsibilities as of December 31, 2010:

Name	N. of Options	Average exercise price
Marco Pescarmona	1,280,000	6.5
Alessandro Fracassi	1,280,000	6.5

For more information on the stock option plan valid as of December 31, 2010, please refer to the Informative Document prepared pursuant to article 84-*bis* of the Issuer Regulations and deposited at the registered office, also available on the website of the Company under "Governance", "Other Documents".

Indemnity to directors in case of resignation, dismissal without just cause or termination of relationship as a consequence of a takeover bid

Executive directors are entitled to directors' termination benefits, settled pursuant to article 2120 civil code, referring to yearly compensation. Between the Issuer and its non-executive directors no agreements have been stipulated providing for indemnities in case of resignation or dismissal/revocation without just cause or if the employment relationship terminates as a consequence of a takeover bid.

For the effects of termination under the stock option plans, please refer to the Informative Document prepared pursuant to article 84-*bis* of the Issuer Regulations and deposited at the registered office, also available on the website of the Company under "Governance", "Other Documents".

10. COMMITTEE FOR INTERNAL CONTROL AND CORPORATE GOVERNANCE

The Board, during the meeting of May 8, 2008, has established the Committee for Internal Control and Corporate Governance with proposing and consulting functions. The Committee for Internal Control is composed of non-independent director Marco Zampetti and independent directors Paolo Vagnone 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.

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 Dealing 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 a CEO.

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 2, the representatives of the legally-required auditing firm, the Head of the Supervisory Body, Gianluca Lazzati, the Board of Statutory Auditors composed by Fausto Provenzano, Paolo Burland 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 for the year ended December 31, 2009;

- on July 30, a representative of the legally-required auditing firm for the periodic meeting of update on the legally-required auditing activity carried out;

- on November 19, the Head of the Supervisory Body, Gianluca Lazzati, the finance and control manager, Francesco Masciandaro and the internal auditor Walter Baraggia, for an update on the activities carried out in accordance with the procedures provided in the Legislative Decree 262/3005;

- on December 22, the representatives of the independent auditing firm, the Board of Statutory Auditors, represented by the active statutory auditors Paolo Burlando and Francesca Masotti, and the finance and control manager Francesco Masciandaro for an institutional governance meeting regarding, in particular, the risks and areas on which the independent auditors should be addressed.

In addition to the abovementioned meetings, during the year 2010, the Committee for Internal Control and Corporate Governance met 2 other times for an average of about an hour and forty minutes; during the meetings 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 September 20, 2010, participated also the finance and control manager Francesco Masciandaro, and the responsible of the internal audit office Walter Baraggia, in order to illustrate to the participants the results of auditing activities carried out during the year.

On August 26, 2010, 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.

In 2011 the internal control committee met once on March 9, 2011 to analyze the activity done with reference to internal control. The chairman Marco Zampetti also gave the other members an update with reference to the meeting held on March 7, 2011 with the independent auditors and the Board of Statutory Auditors, during which the independent auditors presented the results of their audit, still in progress, referring to the financial reports and to the consolidated financial report for the year ended December 31, 2010.

For the composition and rates of attendance at meetings please refer to Table 3, 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 8, 2008, 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 50 thousand.

No financial resources have been designated to the Committee for Internal Control and Corporate Governance, since 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 not related, not accrued or not due revenues or the incomplete recognition of revenues;

ii. risks linked to the recognition of not related, not accrued or not due expenses;

iii. risks linked to accounting management at an external office;

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 of companies cercassicurazioni.it S.r.l. and EuroServizi per i Notai S.r.l., verifying that it has received the financial data at least on quarterly basis. From 2011, the accounting management of cercassicurazioni.it S.r.l. will no longer be managed by an external office, but 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.

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 ten 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, excluding cercassicurazioni.it S.r.l., which makes use of external professionals, 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 meeting of August 26, 2010 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. For the occasion, the committee had sent 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 8, 2008, 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, a compliance review regarding the main issues and areas of interest for the Group was carried out, adjusting where necessary the functioning and the business procedures to the regulations in force.

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 8, 2008, 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 junior 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 the meeting of March 2, 2010, the supervisory body has met the auditing firm representatives, the finance and control manager of the Group, the chairman of the Committee for Internal Control and the Board of Statutory Auditors in order to analyze the results of financial statements auditing.

The supervisory body has met, on two other occasions, the finance and control manager of the Group and the responsible for internal audit, in order to review the work done by the latter; in particular during the meeting of July 10, 2010, there were analyzed some issues of compliance (privacy, bank transparency, anti-money laundering, etc.), while the purpose of the meeting held on November 19, 2010, attended also by the chairman of the Committee for Internal Control, was the update on the audit activity regarding receivables and liabilities pursuant to the Legislative Decree 262/2005.

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 to not testify or bear false testimony in court (article 25-novies, Legislative Decree 231/01.

The organizational model pursuant to Law Decree 231/2001 updated as of December 2, 2010 is available on the website of the Company in the section “Governance”, “Other documents”.

11.5. Auditing firm

The auditing firm, in charge also 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.

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. 17389 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".

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 Committee for Transactions with Related Parties is composed by the independent directors Paolo Vagnone (chairman), Alessandro Garrone and Andrea Casalini.

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 overall holders of shares representing at least 2.5% of the shares with voting rights in the shareholders' meeting. 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.

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 five 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.

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, 2010 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 Table 5, 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".

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 2010 or the first months of 2011.

During the financial year ended December 31, 2010, 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 2011. 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, 2010.

The Board of Statutory Auditors has assessed, in the report of the Board of Statuary Auditors prepared on April 1, 2010, the persistence of the independence requirements 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 3, 2010 and on December 22, 2010 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. The Board of Statutory Auditors, at the meeting for the drafting of the annual report for the year ended December 31, 2009, 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, 2009 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, 2010 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 and by the manager in charge of internal control on their activity during the Financial year, through various formal meetings with the parties in question. During the meetings, the manager in charge of internal control has also updated the Board of Statutory Auditors on the activity of the internal auditor.

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..

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 person in charge of Investor Relations has been, until August 26, 2010, executive director Stefano Rossini. Following his resignation, the Board of Directors decided to appoint ad interim the executive director of the Issuer, Marco Pescarmona, to the function of Investor Relator.

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* or *MF/Milano Finanza*. The shareholders' meeting should be called by the Board of Directors at least once a year within one hundred twenty days after the end of the financial year for the approval of annual 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. 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.

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".

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 shareholder's meetings held on April 22, 2010 and on November 8, 2011 on the activities carried out and on future plans and has done its best to provide the shareholders with adequate knowledge on necessary elements 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, 2010

Table 1

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 2

SIGNIFICANT SHAREHOLDINGS

Declarant	Direct shareholder	% of the ordinary share capital	% of the voting share capital
Alma Ventures SA	Alma Ventures SA	32.50%	34.02%
Parvus Asset Management UK LLP	Parvus Asset Management UK LLP	10.34%	10.82%
Index Venture Growth Associates I (Jersey) LP	Paramol Sarl	8.76%	9.17%
Capital Research & Management Company	Capital Research & Management Company	8.00%	8.37%
Algebris Investments (UK) LLP	Algebris Global Financials Master Fund	5.16%	5.40%
Stefano Rossini	Stefano Rossini	4.32%	4.52%
360 Capital One	360 Capital One	2.60%	2.72%
Investoren TGV	Investoren TGV	2.01%	2.10%
Own shares (included tha share purchased by the subsidiaries)		4.47%	N/A

STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES

Table 3

BOARD OF DIRECTORS										EXECUTIVE COMMITTEE		REMUNERATION COMMITTEE		COMMITTEE FOR INTERNAL CONTROL	
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.
Chairman	Marco Pescarmona	April 24, 2008	Appr. of annual report 2010	Only	X			100%	3	M	100%				
CEO	Alessandro Fracassi	April 24, 2008	Appr. of annual report 2010	Only	X			100%	3	C	100%				
Director	Fausto Boni	April 24, 2008	Appr. of annual report 2010	Only		X		100%	4						
Director	Marco Zampetti	April 24, 2008	Appr. of annual report 2010	Only		X		100%	2					P	100%
Director	Paolo Vagnone	April 24, 2008	Appr. of annual report 2010	Only		X	X	100%	2			P	100%	M	100%
Director	Alessandro Garrone	April 24, 2008	Appr. of annual report 2010	Only		X	X	43%	3			M	100%		
Director	Andrea Casalini	April 24, 2008	Appr. of annual report 2010	Only		X	X	71%	1			M	100%	M	100%
Director	Daniele Ferrero	August 7, 2008	Appr. of annual report 2010	N/A		X	X	71%	2						
Director	Giuseppe Zocco	February 12, 2010	Appr. of annual report 2010	N/A		X		100%	3						
DIRECTORS CEASED DURING THE RELEVANT YEAR															
Amministratore	Paolo Gesess	April 24, 2008	February 11, 2010	Only		X		N/A*	-						
Amministratore	Stefano Rossini	April 24, 2008	August 26, 2010	Only	X			100%**	-	M	100%				
Required shareholding for the submission of the list on the occasion of the last appointment: 4.5%															
Number of meetings done during the relevant year:								BoD	7	E.C.	7	R.C.	4	C.I.C.	2

*Paolo Gesess resigned on February 11, 2010. There was no Board meeting in 2010 when he was still in charge.
** Stefano Rossini resigned on August 26,2010. The percentage of participation to the Board meeting refers only to the three meetings held before August 26, 201\0.

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
%C.R.: presence, in terms of percentage, of the director in the remuneration committee meetings
C.I.C.: committee for internal control
%C.C.I.: presence, in terms of percentage, of the director in the meetings of the internal control committee

Table 4

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	Biolase S.p.A.	Director
	Jettable Ltd	Director
	NSE Industry S.p.A.	Director
	Yoox S.p.A.	Director
Marco Zampetti	Effelle Ricerche S.r.l.*	Director
	cercassicurazioni.it S.r.l.*	Director
Paolo Vagnone	ErgyCapital S.p.A.	Director
	Sciens International S.A.	Director
Alessandro Garrone	ERG S.p.A.	Director
	Banca Passadore & C.	Director
	Unione Petrolifera	Vice President, Member of Council, Member of the Managing Board
Andrea Casalini	Buongiorno S.p.A.	CEO
Daniele Ferrero	Venchi S.p.A.	Chairman
	3i Plc	Senior advisor (50%)
Giuseppe Zocco	Privalia Venta Directa S.L.	Director
	Adconion Plc	Director

STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Table 5

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	N/A	100%	22
Active member	Paolo Burlando	May 25, 2006	Approval annual report 2011	Only	N/A	100%	23
Active member	Francesca Masotti	August 28, 2008	Approval annual report 2011	Only	N/A	100%	4
Substitute member	Giuseppe Ragusa	April 2009, 23	Approval annual report 2011	Only	N/A		
Substitute member	Marco Cervellera	April 2009, 23	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

Legenda:
% C.S.: 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, 2010, 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 2010, 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, 2010 has changed compared to the financial year ended December 31, 2009 with the acquisition, on July 28, 2010, of a 100% stake in the company Effelle Ricerche S.r.l., which is active in the provision of real estate valuation services, purchased by means of the newly incorporated and fully controlled Centro Perizie S.r.l., for a total disbursement equal to Euro 600 thousand;

- the participation in the company cercassicurazioni.it S.r.l. passed from 67% to 80% and this participation, originally of a financial nature, acquired a strategic importance for the Group.

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 29, 2011 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 2010 the board of statutory auditors released:

- an opinion concerning the appontment, pursuant to article 2386 of the civil code, of a director, substituting a resigned director, issued during the meeting of the board of directors on February 12, 2010.

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 7 meetings of the board of directors, to 3 meetings of the committee for the internal control, to 4 meeting of the remuneration committee and 2 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.

On one hand, 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.

On the other hand, we have 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, and 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 internal control, 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 2010, performs for the other Italian companies of the group, with the exception of cercassicurazioni.it S.r.l., Effelle Ricerche S.r.l. and 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 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 29, 2011 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 disclosure of the present paragraph is presented also pursuant to article 149 co. 1 letter c-bis) of Consolidated Law on Finance.

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 11, 2011 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 and the Remuneration Committee; 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.

Finally, the board of statutory auditors reminds that the Company has a business function (investor relations) in charge of relationships with shareholders and institutional investors.

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 2010 annual report of the holding as well as of the 2010 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 29, 2011

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

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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 ("MutuiOnline group") as of 31 December 2010 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 1 April 2010.

3. In our opinion, the consolidated financial statements of the MutuiOnline group as of 31 December 2010 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 MutuiOnline group 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.

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 2010.

Milan, 29 March 2011

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 2010 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.

   The separate financial statements present, for comparative purposes, the financial statements of the previous year and the statement of financial position as of 1 January 2009. As reported in the notes, the directors have restated some comparative information related to the previous year and to the statement of financial position as of 1 January 2009, which derives from the financial statements as of 31 December 2008, previously presented and on which we issued our audit opinion respectively on 1 April 2010 and 6 April 2009. The restatement and the related disclosure reported in the notes, have been analyzed by us for the purpose of issuing an opinion on the separate financial statements as of 31 December 2010.

3. In our opinion, the separate financial statements of Gruppo MutuiOnline SpA as of 31 December 2010 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

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. 3.754.400,00 Euro i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n. 43 dell'Albo Consob - Altri Uffici: **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 – **Bologna** Zola Predosa 40069 Via Tevere 18 Tel. 0516186211 – **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 – **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 – **Genova** 16121 Piazza Dante 7 Tel. 01029041 – **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 – **Padova** 35138 Via Vicenza 4 Tel. 049873481 – **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 – **Parma** 43100 Viale Tanara 20/A Tel. 0521242848 – **Roma** 00154 Largo Fochetti 29 Tel. 06570251 – **Torino** 10129 Corso Montevecchio 37 Tel. 011556771 – **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 – **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 – **Verona** 37122 Corso Porta Nuova 125 Tel.0458002561

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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 2010.

Milan, 29 March 2011

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.

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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, 2010.

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, 2010 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 10, 2011

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

The Manager in charge of preparing the accounting statements
(Dott. Francesco Masciandaro)