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MAIN DEFINITIONS

AAMS	<i>Amministrazione Autonoma dei Monopoli di Stato</i> , the Italian State Monopoly Agency.
Acquisition	The transaction aimed at acquiring the Business Units in accordance with the Company's strategic policies, described in Section One, Chapter V, paragraph 5.1.5 a) and in Chapter XXII of this Prospectus and in the Information Document available at the Company's registered office and deposited with Borsa Italiana on 18 April 2006.
Advisor	Ainvest S.r.L., the Company's financial advisor on the Capital Increase.
Agencies	Commercial outlets at which the Former Licence-Holders used to perform on their own behalf, and now perform on behalf of SNAI pursuant to the Management Agreements, the activities involved in the collection and acceptance of horseracing and/or sports bets based on the Licences.
Agency Branches	The agency branches that were separated from the Business Units prior to the Acquisition, which are comprised of agreements and contracts in relation to the real estate assets, personnel and the core assets for the management of the Agencies' specific activities.
Antitrust Authority	The <i>Autorità Garante della Concorrenza e del Mercato</i> created up by Law no. 287 of 10 October 1990, with registered office at Piazza G. Verdi, 6/a, Rome.
Banks	The lending banks that have entered into the Consolidation Agreement.
Bersani Decree	Decree Law no. 223 of 4 July 2006, as converted into law with amendments by Article 1 of Law no. 248 of 4 August 2006.
Betting Points	The Points of Sale whose business also includes the marketing of public betting products.
Betting Shops	The Points of Sale whose main activity is the marketing of public betting products.
Borsa Italiana	Borsa Italiana S.p.A.
Business Units	The Business Units relating to the Licences, forming the subject of the Acquisition.

- Capital Increase**..... The divisible for payment increase in the capital of the Company forming the subject of this Prospectus, to be implemented through the offer of newly issued shares offered in option to the Company shareholders on the date of commencement of the offering period, authorised for a maximum of 61,718,860 ordinary shares, as resolved by the Board of Directors on 26 October 2006 and on 30 November 2006, pursuant to the authority granted to the Board of Directors by the extraordinary general meeting of the Company on 14 September 2006 pursuant to Article 2443 of the Civil Code.
- Code of Corporate Governance**..... The Code of Corporate Governance for Listed Companies.
- Company or Issuer** SNAI S.p.A.
- Competition Decree** Decree Law no. 35 of 14 March 2005, converted into Law no. 80 of 14 May 2005, as amended.
- CONSOB Regulations** CONSOB Resolution adopted by decision no. 11971 of 14 May 1999, as amended, setting out regulations for issuer of shares.
- Consolidation Agreement** The agreement consolidating the loans granted to the SNAI Group by several lending banks, that was entered into on 20 February 2003 by and between SNAI, SNAI Servizi, the Advisor and such lending banks, as described in Section One, Chapter XXII of this Prospectus.
- Consolidated Finance Act** Legislative Decree no. 58 of 24 February 1998.
- Conventions**..... The agreements governing relations between grantor authority and grantee of Horseracing Licences and Sports Licences and approved by Ministerial Decree of 20 April 1999 and Ministerial Decree of 7 April 1999, respectively, and subsequently amended and supplemented by Decree of 12 May 2006 of the AAMS and the Ministry of Agricultural and Forestry Policies and by Decree of the AAMS of 30 June 2006.
- Former Licence-Holders** The persons who, on their own behalf prior to the Acquisition and currently for and on behalf of SNAI, collect and accept horseracing and/or sports bets pursuant to Historic Horseracing Licences, Ordinary Horseracing Licences and Sports Licences for the Business Units forming the subject of the Acquisition.
- Group or SNAI Group** The group of companies led by SNAI, as shown in Paragraph 7.2, Chapter VII, Section One of this Prospectus.
- Guarantees** The guarantees UniCredit Banca d'Impresa S.p.A. has undertaken to issue pursuant to the Guarantee Agreement.

Guarantee Agreement	The guarantee facility agreement entered into on 20 October 2006 whereby UBI undertook to grant short-term and long-term guarantees on behalf of the Company for a total maximum amount of EUR 140 million.
Historic Horseracing Licences	The licences, other than the Ordinary Horseracing Licences, for the collection and acceptance of book and fixed-rate national totaliser bets on the results of horseraces whose management has been assigned to the UNIRE by Article 8, paragraph 13, of Decree Law no. 147 of 24 June 2003 (converted by Law no. 200 of 1 August 2003), extended to 31 December 2012 by resolution no. 107 of the Extraordinary Commissioner of the UNIRE on 14 October 2003 and governed by the standard agreement approved by Ministerial Decree of 20 April 1999, as supplemented by the aforesaid resolution.
Horseracing Licences	The Ordinary Horseracing Licences and the Historic Horseracing Licences.
Information Document	The information document on the Acquisition available at SNAI's registered office and deposited with Borsa Italiana on 18 April 2006.
Internal Control Committee	The internal control committee described in Article 8 of the Code of Corporate Governance.
Invitation to Tender	Invitation to tender ID no. 2006-032654, and invitation to tender ID no. 2006-032650, both published in the Italian Official Gazette (GURI no. 199, second part, notices page) on 28 August 2006.
Junior Loan Agreement	The agreement pursuant to which Solar S.A. has agreed to provide the Company with a loan for EUR 43.5 million, subordinated to the Senior Loan.
Licences	The Horseracing Licences and the Sports Licences.
Pledge Agreements	Collectively, the first-ranking and second-ranking pledges created in favour of UniCredit Banca d'Impresa S.p.A. and Solar S.A., respectively, to guarantee the Loans over: (i) SNAI's interests in its subsidiaries Trenno, Festa S.r.L., Immobiliare Valcarenga S.r.L. and MAC Horse S.r.L., and its interest in Teleippica S.r.L.; (ii) SNAI's current accounts, and the current accounts of SNAI's subsidiaries Festa S.r.L., MAC Horse S.r.L. and Trenno; (iii) all trade marks and patents owned by SNAI, and (iv) the SNAI shares owned by SNAI Servizi, representing 50.68% of SNAI's share capital.
Loans	The loans made available to the Company pursuant to the Senior Loan Agreement and the Junior Loan Agreement relate.
Loan Agreements	The Senior Loan Agreement and the Junior Loan Agreement.

Management Agreements	The several agreements between the Company and the Former Licence-Holder of each Business Unit, pursuant to which the Former Licence-Holder manages a Business Unit for and on behalf of the Company.
Manager SNAI Points	SNAI points operated by Former Licence-Holders pursuant to the relevant Management Agreement.
MTA.....	Mercato Elettronico Azionario, the Italian automated stock exchange, organised and managed by Borsa Italiana S.p.A.
Offering	The public offering to subscribe for the Shares to be issued to implement the Capital Increase, described in this Prospectus.
Offer Price.....	The price at which the Shares will be offered in option to SNAI shareholders.
Option Contracts	The contracts between SNAI and the owner of the Business Unit, which, pursuant to Article 1331 of the Civil Code, granted the Company the right to acquire the Business Unit by exercising such option by 28 February 2006.
Ordinary Horseracing Licences	The licences, other than the Historic Horseracing Licences, for the collection and acceptance of book and fixed-rate national totaliser bets on the results of horseraces governed by Presidential Decree no. 169 of 8 April 1998, Ministerial Decree of 20 April 1999, by Decree Law of the Ministry of Finance and the Ministry of Agriculture of 21 December 1999 as amended and supplemented by the Competition Decree and by the Decree of 12 May 2006 adopted jointly by the AAMS and the Ministry of Agricultural and Forestry Policies.
Points of Sale.....	Points of sale in which public bets are collected, divided into Betting Points and Betting Shops.
Prospectus	This Prospectus.
Related Parties	As defined by Article 2(h) of the CONSOB Regulations, the persons defined as such by the international accounting standard concerning information in the financial statements on transactions with related parties, adopted according to the procedure laid down in Article 6 of Regulation (EC) no. 1606/2002.

Rights	The rights to open Betting Shops and Betting Points for betting purposes and to activate remote gaming networks assigned following the Tenders held pursuant to the Bersani Decree. The Rights involve licensing public betting on horseraces (Article 38 paragraph 4) and on events other than horseraces (Article 38 paragraph 2) by activating distribution networks and the management thereof.
S. Siro	S. Siro S.p.A.
Senior Loan Agreement	The agreement pursuant to which UBI has agreed to provide the Company with a loan, divided into two tranches, the first for up to EUR 96.5 million (Tranche A) and the second for up to EUR 170 million (Tranche B).
Service Provider	Provider of services pursuant to the Service Provider Contracts.
Service Provider Contract	The contract for the provision of services at the Third-Party SNAI Points remunerated on the basis of 1.2% on the Volume of Bets generated by each SNAI Betting Pont.
Shares	The Company's 61,718,860 shares that will be issued to implement the Capital Increase, and the Company's existing ordinary shares.
SNAI Points	Betting points using services provided by SNAI, including Manager SNAI Points and Third-Party SNAI Points.
SNAI Com	SNAI Com S.r.L.
SNAI Servizi Spazio Giochi	SNAI Servizi Spazio Giochi S.r.L.
SNAI Servizi	SNAI Servizi S.r.L.
SNAI or Company	SNAI S.p.A.
Sports Licences	The licences for the collection and acceptance of bets on the results of sports events, governed by Ministerial Decree no. 174 of 2 June 1998 (as replaced by Ministerial Decree no. 111 of 11 March 2006 of the Ministry of the Economy and Finance) and by the Ministerial Decree of 7 April 1999, as amended and supplemented by the Competition Decree and by the Decree of the AAMS of 30 June 2006.
Stock Exchange Offering	The offering of Shares that were not purchased during the Offer Period by the Company shareholders exercising their option rights pursuant to Article 2441, paragraph 3, of the Civil Code.
Technical Report	The technical report to the Bersani Decree.
Tenders	The tender proceedings held pursuant to the Bersani Decree, relating to the assignment of Rights.

UNIRE	The <i>Unione Nazionale Incremento Razze Equine</i> , a government body that reports to the Ministry of Agricultural and Forestry Policies set up in 1943 that has the monopoly over the collection of horseracing bets in Italy and related services, including the transmission of video and data signals via satellite.
Third-Party SNAI Points	SNAI Points operated by third parties holding the relevant licences.
Trenno	Società Trenno S.r.L.
UBI	UniCredit Banca d'Impresa S.p.A.
UBM	UniCredit Banca Mobiliare S.p.A.
Subscription Undertaking	
Agreement	The subscription undertaking agreement entered into on 3 November 2006 between SNAI on the one part and UBM on the other part in order to guarantee the successful outcome of the Capital Increase, as better described in Section II, Chapter XXIX, Paragraph 29.4.3.
Vendor Loan	The portion of the Acquisition price payable to the Former Licence-Holders of the Business Units in five equal, non interest-bearing instalments, falling due on 30 May of each year from 2007 to 2011.
Volume of Bets	The overall volume of bets collected by any SNAI Point.

SUMMARY NOTE

THIS SUMMARY NOTE IS DRAWN UP PURSUANT TO ARTICLE 5 POINT 2 OF DIRECTIVE (EC) 71/2003 AND ARTICLE 24 OF REGULATION (EC) 809/2004, AND BRIEFLY INDICATES THE RISKS AND ESSENTIAL CHARACTERISTICS OF THE OFFERING, AND SOME INFORMATION ON THE ISSUER.

THE BRIEF INFORMATION PROVIDED BELOW SHOULD BE EXAMINED TOGETHER WITH THE MORE ANALYTICAL INFORMATION CONTAINED IN THE PROSPECTUS.

THIS SUMMARY NOTE SHOULD BE READ AS AN INTRODUCTION TO THE PROSPECTUS AND ANY DECISION TO INVEST IN THE SHARES ISSUED WITHIN THE SCOPE OF THE INCREASE IN CAPITAL OFFERED AS AN OPTION BY SNAI SHOULD BE BASED ON AN EXAMINATION OF THE ENTIRE PROSPECTUS, INCLUDING ITS ANNEXES.

IF RECOURSE TO THE JUDICIAL AUTHORITY IS PROPOSED REGARDING THE INFORMATION CONTAINED IN THE PROSPECTUS, THE APPELLANT INVESTOR MAY BE REQUIRED TO BEAR THE COSTS OF TRANSLATION OF THE PROSPECTUS BEFORE COMMENCING THE PROCEEDINGS, PURSUANT TO THE NATIONAL LAW APPLICABLE.

LIABILITY FOR THE INFORMATION CONTAINED IN THIS SUMMARY NOTE WILL ONLY BE HELD BY SNAI IF THE SUMMARY NOTE PROVES MISLEADING, INACCURATE OR INCONSISTENT IF READ TOGETHER WITH THE OTHER PARTS OF THE PROSPECTUS.

THE SUMMARY NOTE ON THE PROSPECTUS WILL NOT BE PUBLISHED OR CIRCULATED TO THE PUBLIC SEPARATELY FROM THE OTHER SECTIONS INTO WHICH THE PROSPECTUS IS DIVIDED.

THE TERMS NOT OTHERWISE DEFINED IN THIS SUMMARY NOTE WILL HAVE THE MEANING ATTRIBUTED TO THEM IN THE PROSPECTUS.

Preamble

This Prospectus relates to the Offering of SNAI ordinary shares resulting from a divisible increase in share capital for payment resolved by the SNAI board of directors (the “Board of Directors”) on 26 October 2006, exercising the authority conferred to it by the Company’s extraordinary general meeting of 14 September 2006, pursuant to Article 2443 of the Civil Code, for a maximum nominal amount of EUR 52,000,000, by the issue of a maximum of 100,000,000 ordinary shares, to be offered in option to beneficiaries, with a nominal value of EUR 0.52 per share, and therefore up to a maximum nominal value of EUR 80,570,453.60.

1. RISK FACTORS

The Offering presents the typical risk factors of an investment in listed shares. For a detailed description of the aforesaid risk factors, refer to the Chapter “Risk Factors” in this Prospectus.

With regard to the investment forming the subject of the Offering, the risk factors relating to the Company and to the Group, to the sector in which the Group operates and those relating to the financial instruments forming the subject of the Offering, and they should be considered before any decision in this respect are listed below.

A. RISK FACTORS RELATING TO THE ISSUER AND THE SNAI GROUP

- A.I. Risks deriving from SNAI's being subject to the management and coordination activities of SNAI Servizi and the lack of inclusion of several provisions of the Code of Corporate Governance;
- A.II. Risks connected with the new strategic guidelines as a result of the Acquisition;
- A.III. Risks relating to the Acquisition on 16 March 2006 and to the Management Agreements arranged as a result thereof;
- A.IV. Risks relating to tax debts resulting from the purchase of the Business Units and joint liability of the transferor;
- A.V. Risks relating to the new corporate purpose and reorganisation of the SNAI Group;
- A.VI. Risks relating to the Loan Agreements and to the increase in financial indebtedness;
- A.VII. Risks connected with potential conflicts of interest with Related Parties;
- A.VIII. Risks deriving from legal proceedings in progress;
- A.IX. Risks connected to the use of technologies;
- A.X. Risks relating to the restrictions on the distribution of dividends;
- A.XI. Risks connected with Proforma Accounting Information;
- A.XII. Risks connected with statements on market position and information on the trends of the reference market.

B. RISK FACTORS RELATING TO THE SECTOR IN WHICH THE GROUP OPERATES

- B.I. Risks relating to the law applicable to licences;
- B.II. Risks relating to the amended regulatory framework;
- B.III. Risks relating to future regulatory developments;
- B.IV. Risks relating to the betting and gaming market;
- B.V. Risks deriving from illegal gaming.

C. RISK FACTORS RELATING TO THE FINANCIAL INSTRUMENTS FORMING THE SUBJECT OF THE OFFERING

- C.I. Risks relating to the liquidity of the financial instruments offered;
- C.II. Risks relating to dilution as a result of the Increase in Capital;
- C.III. Underwriting Commitments undertakings;
- C.IV. Risks relating to the offering markets;
- C.V. Risks connected with relations with Companies belonging to the UBM Group.

2. INFORMATION ON THE ISSUER

2.1 History and development

The Company was set up on 7 November 1906, under the name Società Anonima Ippodromi Trenno, in order to organise and develop the horseracing sector and later also to build racecourses (S.Siro and Montecatini) and structures over the entire Italian territory, for the housing and training of racehorses for trot and gallop. The Company shares were admitted to listing on the Milan stock exchange in 1973.

During the second half of the '90s, the Company extended its activities firstly to providing management, coordination and control services for the common electronic system of collecting bets accepted by all Italian horseracing agencies, repaid on the national the UNIRE totaliser and subsequently to the sports betting sector as well.

In 1999, the Company changed its name to SNAI S.p.A. and, at the same time, moved its registered office from Milan to Porcari (Lucca).

Implementing the Group restructuring plan for the years 2001-2004, the supply of services, including computer and equipment services, connected with the collection of bets and management of racecourses, the Group's core business, was concentrated on the Company and a Consolidation Agreement was arranged on SNAI Group's existing debts. These debts have recently been fully repaid, making use of part of the liquidity obtained with the Loan.

On 12 October 2005, the Board of Directors confirmed the new strategic guidelines focused on SNAI's direct assumption of the role of licensee to conduct the activities involved in the collection of bets and management of gaming (alongside the traditional service provider activities conducted for the SNAI Points).

SNAI then effectively assumed that role by acquiring 450 Business Units relating to Licences, and subsequently using the know-how, professionalism and business organisation of the Former Licence-Holders, as permitted by Article 14-*ter* of the Competition Decree, pursuant to a series of Management Agreements under which the Former Licence-Holders manage the Business Units for and on behalf of the Company.

In order to ensure that the Company could exercise the activities of licensee for the collection and management of bets, events, forecasts, lotteries and gaming, on 2 August 2005 the Company's Extraordinary General Meeting amended the company corporate purpose.

Based on the new strategic policies, the necessary resources to finance the Acquisition had to be obtained by recourse to a bank loan, cash flows generated by the management and own resources deriving from an increase in capital.

On 18 October 2005, the Company's extraordinary general meeting of shareholders resolved to grant the board, pursuant to Article 2443 of the Civil Code, the right to increase the share capital through a divisible capital increase of payment, in one or more instalments, within five years, for a nominal maximum amount of EUR 14,285,226.80, by the issue of a maximum of 27,471,590 ordinary shares, to be offered in option to the eligible shareholders, with a nominal value of EUR 0.52 per share, and therefore up to a maximum nominal value of EUR 42,855,680.40.

Without prejudice to the warning on the “Risks deriving from legal proceedings in progress”, on 23 November 2005, the Antitrust Authority resolved not to commence the investigation laid down by Article 16, paragraph 4, of Law no. 287 of 10 October on the Acquisition, which constituted a concentration pursuant to the current antitrust regulations.

The Company later obtained the necessary financial resources to effect the Acquisition by means of the Loan.

On 24 February 2006, the AAMS and the UNIRE authorised the transfer of the licences to SNAI as from 13 March 2006 and use of the Licences via the Agency Branch, pursuant to Article 14-*ter* of the Competition Decree, through the Agency Branches still owned by the Former Licence-Holders. Consequently, on 27 February 2006, the Board of Directors resolved to exercise the option to purchase 450 Business Units, for which the overall purchase price was approximately EUR 358.5 million (subject to several minor adjustments being calculated), of which EUR 223 million was paid at the time of execution of the notarial deeds of transfer. The remainder of the price will be paid to the Former Licence-Holders of the Business Units, once the final price has been calculated, in five equal non-interest-bearing instalments falling due on 30 May of each year from 2007 to 2011. The price for the purchase of the Business Units has been determined net of SNAI’s assumption of the debts owed by the Former Licence-Holders to AAMS for the guaranteed minimum amounts and tax for which a suitable multiannual payment plan had already been drawn up. The amount of such debts totalled EUR 46 million and reduced the price by the same amount.

Between 16 March and 3 April 2006, SNAI and the Former Licence-Holders arranged the repetition deeds on the contracts of transfer of the Business Units before the Notary Roberto Martinelli, whose office is in Altopascio (Lucca) and SNAI paid the portion of the price payable at the time of arrangement of the deeds.

SNAI is therefore the current owner of 450 Business Units and holder of 450 Licences, i.e. the 134 Historic Horseracing Licences, 98 Ordinary Horseracing Licences and 218 Sports Licences included in those Business Units.

On 4 August 2006, following the conversion into law of the Bersani Decree, Italy began a process aimed at the liberalisation of the gaming and betting sector, described in greater detail in Section One, Chapter VI, Paragraph 6.1.1 b), to be implemented by tenders for the award of new licences to operate a public betting business.

As a result of this change in the regulatory framework, the Company had new investment opportunities implying greater need for funds, which significantly affected the Group’s strategic guidelines, which had to be revised.

On 28 August 2006, implementing the Bersani Decree, the AAMS began two tender procedures by means of Invitations to Tender relating to the assignment of licences to operate a public betting business on horseraces (Article 38 paragraph 4) and events other than horseraces (Article 38 paragraph 2) by the activation and relevant operation of the distribution networks. In particular, the Tenders related to the assignment of Rights to open Betting Shops and Betting Points and to activate remote gaming networks. By Decrees of the General Manager of the AAMS of 28 August 2006, the draft agreement for the assignment of public betting licences was approved pursuant to Article 38 paragraphs 2 and 4 of the Bersani Decree.

On 14 September 2006, following revocation of the authority previously conferred, the extraordinary general meeting resolved to confer new authority on the Board of Directors, pursuant to Article 2443 of the Civil

Code, for the increase in share capital by payment, with the right to determine from time to time whether the increase should be divisible or indivisible, on one or more occasions and within five years of the date of the resolution passed by the general meeting, for a maximum nominal amount of EUR 52,000,000 and therefore up to a maximum nominal value of EUR 80,570,453.60, by the issue of a maximum of 100,000,000 ordinary shares with a nominal unit value of EUR 0.52.

The general meeting provided for the power to be exercised based on the Company's overall financial requirements, connected with the participation in the aforesaid Tenders and the resulting investments, the possible partial early repayment of the Loan, under the terms permitted by the Senior Loan Agreement, and possible additional financial needs of the Company in the next five years.

On 20 October 2006, SNAI filed the relevant documentation to participate in the Tenders. Taking into account the limits laid down by the Bersani Decree and by the Invitations to Tender, the maximum number of Rights that may be assigned to each operator is equal to: (i) 100 horseracing Betting Shops; (ii) 3,800 horseracing Betting Points; (iii) 1,260 sports Betting Shops and Betting Points, for a total of 5,160 Rights. SNAI expects that, following an award of the Rights to it, the overall payment for the resulting investments will amount to approximately EUR 200 million.

In the context of the Company's participation in the Tenders, the Company has asked UBI to grant the short- and long-term guarantees requested pursuant to the Invitations to Tender pursuant to the Bersani Decree. Further information on the Guarantee Agreement may be obtained in Chapter XXII of this Prospectus.

For further information on the history and development of the Company, see Section One, Chapter V, Paragraph 5.1 of this Prospectus.

2.2. Business overview

Historically, the SNAI Group had focused on two integrated business areas: (a) activities in the gaming and betting area, mainly as a service *provider*; and (b) management of the Milano S. Siro racecourses (trot and gallop races) and Montecatini Sesana (trot races) racecourses. Currently, however, most of the SNAI business is conducted in the "gaming and betting" area.

With the Acquisition on 16 March 2006 of 450 Licences for horseracing and sports betting, SNAI became the main national licencees for such betting activity.

Moreover, through subsidiary companies and specialist business divisions, SNAI continues to be one of the main European service providers in the gaming and betting sector and for accepting Totocalcio, Totogol and "9" bets and Big Match, Big Show and Big Race totaliser bets.

SNAI is also AAMS's licensee for the network connection of slot machines.

Since 2001, SNAI has also been acting as service and technology provider for Bingo licensees.

The Company was the first company in Italy to allow betting by telephone (SNAI card and Giocasport service), internet and text messaging.

Bet collection business

Since March 2006, the Company's main business has been that conducted by directly assuming the role of licensee for collecting bets. The Company has acquired ownership of 450 Business Units as well as the

relevant Licences (including 219 Sports Licences and 232 Horseracing Licences), for an overall investment of EUR 386.8 million.

SNAI continues to provide services for the management of the horseracing and sports betting collection system, including the respective Licences, accepted at the Third-Party SNAI Points. In that sector, the Company is leader in the Italian market.¹

There are 634 SNAI Points; of these, 250 are Manager SNAI Points operated under the 450 Licences acquired by SNAI in the Acquisition pursuant to the Management Agreements, and 384 are Third-Party SNAI Points using third-party Licences.

With regard to the SNAI Points, the Company also provides an advisory and technical assistance service, and constantly upgrades and develops the software of the terminals used to accept bets and the equipment to display the graphic information for the various types of betting.

In particular, within the scope of the collection and acceptance of bets, the Group is able to offer the following services: (i) supply of technology and services; (ii) creation of information networks for data transfer; (iii) design of internet platforms dedicated to gambling; (iv) design and production of satellite and terrestrial television channels; (v) design and construction of gaming premises; (vi) hardware and software specialization in the information technology sector; and (vii) marketing of all products dedicated to the betting market.

In this business segment, the Group's income is generated both at the Manager SNAI Points based on the formula laid down by the Management Agreement, and at the Third-Party SNAI Points based on the remuneration laid down for services supplied pursuant to the Service Provider Contracts. For an analysis of such contracts, see Section One, Chapter XXII, of this Prospectus.

Bets may be placed on (i) horseraces included in the official programmes of Italian and foreign racecourses, (ii) competitions in Olympic sports (including football/soccer, basketball, cycling, Alpine skiing, Nordic skiing, tennis, sailing and volleyball) and (iii) motor sports (motor racing and motorcycle racing).

Bets may be placed:

- On the "totaliser": in this case, the Company does not bear any risk because the overall amount of the bets collected, less the amount deducted, is divided by the Ministry of the Economy and Finance among the winning bettors, according to a specific procedure laid down by the law. In the event of a win, the bettor is paid the amount of the bet multiplied by the last rate fixed by the national totaliser before the start of the event on which the bet is placed. In this case, the income for the Company derives from a percentage premium on the volumes collected for each type of bet;
- At a "fixed-odds": in this case, the risk of the relevant bet is borne by the Company. The sum to be collected is initially agreed between the bettor and the licensee. In the event of a win, the licensee pays to the bettor the amount of the bet multiplied by the rate fixed at the time of the bet. In this case, the income for the Company coincides with the volumes collected for the bets.

¹ Based on the work of the SNAI *management* in the light of the data supplied by the AAMS and data obtained from the websites of SNAI competitors, such as Lottomatica and SISAL.

Betting events

Betting events involves two large families: Totocalcio and Totip. The first family includes Totocalcio, “9”, Totogol, “+Gol” and, since 2006, the “Ippica Nazionale”. SNAI is one of the three AAMS licensees managing these bets.

Remote betting

Through its subsidiary Festa S.r.L., the Group also manages and collects electronic bets. The Company was the first company in Italy to allow betting by telephone (SNAI card and Giocasport service), internet, text messaging, satellite television and terrestrial digital television.

Slot machines

The Company is one of the ten AAMS licensees to activate and operate the network for the electronic management of legal gaming by means of slot machines, with cash wins.

Bingo

SNAI designs, sells and installs equipment, fittings and services for Bingo halls.

With regard to Bingo in particular, SNAI provides the software and the electronic interconnection system for the connection of Bingo halls, both among themselves and with the AAMS, for the transfer of information on gaming.

Racecourse management

SNAI owns and manages the racecourses of Milan (trot and gallop races) and Montecatini (trot races). Within the scope of the agreement with the UNIRE, the Company organises the management of the Milano S. Siro gallop race training centre and the collection of horseracing bets in racecourses. Within the scope of a national programme coordinated by the UNIRE, the Company also organises races according to a pre-defined calendar, collecting an annual fee from the organisation established by a multiannual agreement (the fee is essentially calculated on the volume of bets collected outside and inside the racecourses).

Media business

The SNAI Group manages an integrated media system and, through Teleippica S.r.L., currently operates three satellite television channels, the first two of which transmit in encrypted form the images of the horseraces of the Italian and foreign racecourses at the SNAI Points on the UNIRE’s behalf. The third channel, known as SNAI SAT and included in the Sky channel package, can be viewed by all Sky subscribers and transmits the best of horse racing and information on the sport designed to promote and encourage betting.

For further information on the business of the Company, see Section One, Chapter VI, Paragraph 6.1.1, of this Prospectus.

2.3 Identity of the directors, statutory auditors, senior executives and independent auditors.

Board of Directors.

As of the date of this Prospectus, SNAI's Board of Directors, appointed by the SNAI's ordinary general meeting of 11 May 2005 for a term of office that expires with the approval of the Company's financial statements as at 31 December 2007, is composed of the following members:

Forename and surname	Position	Place and date of birth
Maurizio Ughi	Chairman	Lucca – 13 February 1948
Francesco Ginestra	Vice Chairman	Palermo – 22 May 1951
Francesco Cioffi	Member	Cervinara (AV) – 18 August 1941
Claudio Corradini	Member	Roma – 26 August 1945
Pasquale Losco	Member	Cardito (NA) – 10 September 1949
Alberto Lucchi*	Member	Bologna – 17 December 1947
Alessandro Mecacci	Member	Grosseto – 17 April 1962
Paolo Rossi*	Member	Glasgow U.K. – 21 May 1946
Andrea Siano*	Member	Milano – 23 October 1967

* Members of the Internal Control Committee as provided by the Code of Corporate Governance for Listed Companies which is chaired by Andrea Siano.

For the purpose of their office, the members of the Board of Directors are domiciled at the Company's registered office.

None of the SNAI Directors may be considered to be independent according to the criteria laid down by the Code of Corporate Governance. In fact, the Company does not consider it necessary to appoint independent directors as the balancing and control function that independent directors should perform based on the recommendations of the Code of Corporate Governance is already performed by the Board of Statutory Auditors, because the By-laws (Article 23) provide that minority shareholders may submit a list for the appointment of one regular member of the Board, in accordance with Article 148 of the Consolidated Finance Act.

It is further noted that, at the general meeting on 11 May 2005, Francesco Ginestra became vice chairman, replacing Alberto Lucchi.

As of the date of this Prospectus, the SNAI Statutory Auditors, appointed by the Company extraordinary general meeting on 11 May 2005 for a term of office that expires upon approval of the financial statements as at 31 December 2007, is composed of the following persons:

Forename and surname	Position	Place and date of birth
Francesco Lerro	Chairman	Parma – 16 April 1965
Alessandro Carlotti	Regular Statutory Auditor	Grosseto – 12 May 1959
Lorenzo Ferrigno	Regular Statutory Auditor	Palermo – 21 March 1946
Marco Corazza	Alternate Statutory Auditor	Lucca – 29 May 1954
Francesco Rangone	Alternate Statutory Auditor	Frascaro (AL) – 17 January 1931

For the purpose of their office, the members of the Board of Statutory Auditors are domiciled at the Company's registered office.

Senior executives

The following table lists the name, place and date of birth and seniority of the Group's main managers.

Forename and surname	Position	Place and date of birth	Seniority
Luciano Garza	General Manager and General Representative	Vigevano (PV) – 13 December 1950	1986
Stefano Marzullo	Operating Manager and General Representative	Rome -10 April 1959	2000
Bruno Battista	Marketing Manager	Rome - 7 March 1960	2000

For further information on the Group's administrative, supervisory and managerial bodies, see Section One, Chapter XIV, Paragraphs 14.1.1, 14.1.2 and 14.1.3 of this Prospectus.

Independent auditors

On 3 May 2004, pursuant to Article 159 of the Consolidated Finance Act, the Company's general meeting renewed the appointment of the auditing firm KPMG S.p.A., domiciled at Via Vittor Pisani n. 25, Milan, as independent auditor of the Company's stand-alone and consolidated financial statements for the three-year period from 2004 through 2006.

2.4 Main shareholders

The following table lists the persons who directly or indirectly own more than 2% of the Company's voting capital as of the date of this Prospectus, as stated in the shareholders' register, supplemented by the notices received pursuant to Article 120 of the Consolidated Finance Act and other information available to the Company showing that SNAI Servizi has the controlling interest in the Company:

Person	Number of shares	Percentage
SNAI Servizi	27,927,785	50.68%
Compagnia Fiduciaria Lombarda S.r.L.*	1,265,219	2.302%

* Held on behalf of third parties

3. Significant accounting information

The following is a summary of the main financial information from the Company's consolidated balance sheet for the six months ended 30 September 2006 and 2005, and 30 June 2006 and 2005, and 31 December 2005, 2004 and 2003. This information has been extracted and reclassified without making any adjustments from the following documents:

- interim consolidated statement as at 30 September 2006 and 2005;
- interim consolidated statement as at 30 June 2006 and 2005;
- consolidated balance sheet as at 31 December 2005 and 2004, prepared according to international IAS/IFRS accounting standards; and
- consolidated balance sheet as at 31 December 2004 and 2003, prepared according to Italian accounting standards.

The following tables summarise the main information from the profit and loss accounts, asset and liability statements and financial statements of the SNAI Group for the periods stated above. The financial

information shown below must be read in conjunction with Chapters III, IX, X and XX, section 1 of the prospectus.

Data as at 30 September 2006, 30 September 2005, 30 June 2006 and 30 June 2005, prepared according to international IAS/IFRS accounting standards

Accounting standards	IAS/IFRS			
<i>(in thousands of euro)</i>	30.09.06	30.09.05	30.06.06	30.06.05
Sales and service revenues	399,037	57,609	236,382	39,009
EBITDA (Gross Operating Margin)	38,987	14,087	22,180	9,099
EBIT (Net Operating Profit)	16,780	7,502	9,561	4,656
Earnings before taxes	-1,928	5,836	-76	3,540
Net Group earnings	-3,455	4,530	-2,204	3,660
Earnings/Loss per share ⁽¹⁾	-0.06	0.08	-0.04	0.07

⁽¹⁾ This figure relates to the profit attributable to the Group in which the issuing company is the main operating and financial coordination company.

Accounting standards	IAS/IFRS			
<i>(in thousands of euro)</i>	30.09.06	30.09.05	30.06.06	30.06.05
INVESTMENTS				
Net working capital	-22,956	1,082	-21,169	-8,960
Total fixed assets (including investments)	507,481	141,388	516,225	141,957
Non-current assets /over 12 months	10,684	8,266	11,880	9,116
Long-term liabilities	-144,074	-31,826	-149,081	-31,595
Net capital invested	351,135	118,910	357,855	110,518
SOURCES				
Net financial position	-269,527	-39,377	-274,463	-31,826
Equity	81,608	79,533	83,392	78,692
Total sources of financing	-351,135	-118,910	-357,855	-110,518
Net equity per share	1.46	1.42	1.49	1.40

Accounting standards	IAS/IFRS			
<i>(in thousands of euro)</i>	30.09.06	30.09.05	30.06.06	30.06.05
Cash and cash equivalents	30,247	6,596	23,406	13,534
Securities	1	1	1	146
Current financial receivables	5,045	2,955	3,747	3,076
Debs owed to banks and short-term share of long-term loans	-15,769	-8,145	-5	-7,546
Other current financial payables	-5,448	-1,035	-5,647	-1,041
Net short-term financial position	14,076	372	21,502	8,169
Financial assets held to maturity	145	145	145	145
Long-term loans	-240,643	-36,546	-293,502	-36,546
Other non-current accounts payable	-43,105	-3,348	-2,608	-3,594
Net medium/long-term financial position	-283,603	-39,749	-295,965	-39,995
Net financial position	-269,527	-39,377	-274,463	-31,826

Financial statement				
Accounting standards	IAS/IFRS			
<i>(in thousands of euro)</i>	30.09.06	30.09.05	30.06.06	30.06.05
A. CASH FLOW – OPERATING ACTIVITIES	11,602	-94	6,830	5,881
B. CASH FLOW – INVESTMENT ACTIVITIES	-318,043	-4,500	-315,848	-3,190
C. CASH FLOW – FINANCIAL ACTIVITIES	324,622	-3,418	323,336	-3,165
D. CASH FLOW – ASSETS SOLD OR HELD FOR SALE				
E. TOTAL CASH FLOW (A+B+C+D)	18,181	-8,012	14,318	-474

Data as at 31 December 2005 and as at 31 December 2004, prepared according to IAS/IFRS international accounting standards, and as at 31 December 2004 and as at 31 December 2003, prepared according to Italian accounting standards.

Accounting standards	IAS/IFRS		Italian	
<i>(in thousands of euro)</i>	31.12.05	31.12.04	31.12.04	31.12.03
Sales and service revenues	80,229	69,267	69,433	68,156
EBITDA (Gross Operating Margin)	18,214	21,472	23,828	20,808
EBIT (Net Operating Profit)	9,315	13,734	11,093	7,780
Earnings before taxes	7,124	11,150	7,876	10,043
Net Group earnings	10,385	9,791	7,681	8,472
Earnings/Loss per share ⁽¹⁾	0.19	0.18	0.14	0.15

⁽¹⁾ This figure relates to the profit attributable to the Group in which the issuing company is the main operating and financial coordination company.

Accounting standards	IAS/IFRS		Italian	
<i>(in thousands of euro)</i>	31.12.05	31.12.04	31.12.04	31.12.03
INVESTMENTS				
Net working capital	-2,572	-9,975	-4,760	-5,859
Total fixed assets (including investments)	141,202	143,192	91,579	98,721
Non-current assets /over 12 months	11,903	7,000	465	270
Long-term liabilities	-32,470	-30,610	-11,156	-13,355
Net capital invested	118,063	109,607	76,128	79,777
SOURCES				
Net financial position	-32,643	-34,539	-29,417	-40,706
Equity	85,420	75,068	46,711	39,071
Total sources of financing	-118,063	-109,607	-76,128	-79,777
Net equity per share	1.53	1.34	0.84	0.70

Accounting standards (in thousands of euro)	IAS/IFRS		Italian	
	31.12.05	31.12.04	31.12.04	31.12.03
Cash and cash equivalents	10,131	13,840	13,986	7,331
Securities	1	146	146	1
Current financial receivables	3,278	3,200	3,055	4,819
Debts owed to banks and short-term share of long-term loans	-8,748	-6,317	-6,317	-6,325
Other current financial payables	-1,391	-990	-45	-637
Net short-term financial position	3,271	9,879	10,825	5,189
Financial assets held to maturity	145	145	145	145
Long-term loans	-32,864	-40,387	-40,387	-46,040
Other non-current accounts payable	-3,195	-4,176		
Net medium/long-term financial position	-35,914	-44,418	-40,242	-45,895
Net financial position	-32,643	-34,539	-29,417	-40,706

Financial statement Accounting standards (in thousands of euro)	IAS/IFRS		Italian	
	31.12.05	31.12.04	31.12.04	31.12.03
A. CASH FLOW – OPERATING ACTIVITIES	8,768	14,881	15,308	25,010
B. CASH FLOW – INVESTMENT ACTIVITIES	-7,098	-6,930	-4,085	-2,864
C. CASH FLOW – FINANCIAL ACTIVITIES	-5,450	-1,194	66	
D. CASH FLOW – ASSETS SOLD OR HELD FOR SALE				-33
E. TOTAL CASH FLOW (A+B+C+D)	-3,780	6,757	11,289	22,113

Pro-forma data as at 30 June 2006 and 31 December 2005

Accounting standards (in thousands of euro)	IAS/IFRS	
	Pro-forma 30.06.2006	Pro-forma 31.12.2005
Sales and service revenues	369,580	583,739
EBITDA (Gross Operating Margin)	36,048	62,098
EBIT (Net Operating Profit)	17,593	24,411
Earnings before taxes	249	-11,773
Net Group earning	-2,328	-2,985
Earnings/Loss per share ⁽¹⁾	-0.04	-0.05

⁽¹⁾ This figure relates to the profit attributable to the Group in which the issuing company is the main operating and financial coordination company.

Accounting standards (in thousands of euro)	IAS/IFRS	
	Pro-forma 30.06.2006 ^(*)	Pro-forma 31.12.2005
INVESTMENTS		
Net working capital	-21,169	-1,660
Total fixed assets (including investments)	516,225	527,361
Non-current assets /over 12 months	11,880	11,903
Long-term liabilities	-149,081	-175,851
Net capital invested	357,855	361,753
SOURCES		
Net financial position	-274,463	-276,333
Equity	83,392	85,420
Total sources of financing	-357,855	-361,753
Net equity per share	1,49	1,40

Accounting standards <i>(in thousands of euro)</i>	IAS/IFRS	
	Pro-forma 30.06.2006 ^(*)	Pro-forma 31.12.2005
Cash and cash equivalents	23,406	18,501
Securities	1	1
Current financial receivables	3,747	3,278
Debts owed to banks and short-term share of long-term loans	-5	-1,048
Other current financial payables	-5,647	-1,391
Net short-term financial position	21,502	19,341
Financial assets held to maturity	145	145
Long-term loans	-293,502	-292,624
Other non-current accounts payable	-2,608	-3,195
Net medium/long-term financial position	-295,965	-295,674
Net financial position	-274,463	-276,333

Financial statement Accounting standards <i>(in thousands of euro)</i>	IAS/IFRS	
	Pro-forma 30.06.2006	Pro-forma 31.12.2005
A. CASH FLOW – OPERATING ACTIVITIES	15,373	12,459
B. CASH FLOW – INVESTMENT ACTIVITIES	-7,325	-7,098
C. CASH FLOW – FINANCIAL ACTIVITIES	5,531	-527
D. CASH FLOW – ASSETS SOLD OR HELD FOR SALE		
E. TOTAL CASH FLOW (A+B+C+D)	13,579	4,834

^(*) The balance-sheet and financial figures are final figures since, at 30 June 2006, the balance sheet already contained the effects of the Acquisition of the Business Units.

3.1 Equity and indebtedness

The table below illustrates the Group's net financial indebtedness as at 30 September 2006, 30 June 2006, 31 December 2005, 30 September 2005 and 30 June 2005. The information shown below has been selected from the nine-month information as at 30 September 2006, the six-month information as at 30 June 2006, the Company's consolidated financial statements as at 31 December 2005 and the six-month information as at 30 June 2005, all prepared according to the IAS/IFRS new accounting standards.

<i>(in thousands of euro)</i>	30.09.2006	30.06.2006	31.12.2005	30.09.2005	30.06.2005
Amounts owing to banks and other lenders in the short term:					
- Secured ⁽¹⁾			7,700	6,400	6,400
- Secured by assets ⁽¹⁾	12,786				
- Unsecured	8,431	5,652	2,439	2,780	2,187
Total amounts owing to banks and other lenders in the short term	21,217	5,652	10,139	9,180	8,587
Amounts owing to banks and other lenders in the medium and long term:					
- Secured ⁽¹⁾			32,864	36,546	36,546
- Secured by assets ⁽¹⁾	281,281	293,502			
- Unsecured	2,467	2,608	3,195	3,348	3,594
Total amounts owing to banks and other lenders in the medium and long term	283,748	296,110	36,059.00	39,894.00	40,140.00
Group equity:					
Share capital	28,570	28,570	28,570	28,570	28,570
Legal reserve	1,268	1,268	1,268	1,268	1,268
Other reserves	54,020	54,020	43,635	43,635	43,634
Profit (loss) for the period	-3,455	-2,204	10,385	4,530	3,660
Total Group equity	80,403	81,654	83,858	78,003	77,132
Total amount owing to banks and other lenders and Group equity^(*)	385,368	383,416	130,056	127,077	125,859

⁽¹⁾ See the notes to the corresponding table in Section 2, paragraph 27.2, for a description of the guarantees.

<i>(in thousands of euro)</i>	30.09.2006	30.06.2006	31.12.2005	30.09.2005	30.06.2005
A. Cash	411	150	293	136	84
B. Cash equivalents	29,836	23,256	9,838	6,460	13,450
-bank	29,818	23,232	9,830	6,452	13,450
-post office current accounts	18	24	8	8	-
C. Securities held for trading	1	1	1	1	146
D. Liquidity (A) + (B) + (C)	30,248	23,407	10,132	6,597	13,680
E. Current financial receivables	5,045	3,747	3,278	2,955	3,076
- current financial receivables from parent company	2,420	1,938	1,377	389	427
- current financial receivables from subsidiary companies	1,775	1,052	1,315	1,424	1,278
- current financial receivables from companies subject to the control of the parent company	850	757	586	1,142	1,371
F. Current bank debts	2,983	5	1,048	1,745	1,146
G. Current portion of the non-current indebtedness	12,786	-	7,700	6,400	6,400
H. Other current financial payables	5,448	5,647	1,391	1,035	1,041
- current financial payables to companies subject to the control of the parent company	4,361	4,402	147	-	-
-accounts payable to other financing institutions	1,087	1,245	1,244	1,035	1,041
I. Current financial indebtedness (F) + (G) + (H)	21,217	5,652	10,139	9,180	8,587
J. Net current financial indebtedness (I) - (E) - (D)	- 14,076	- 21,502	- 3,271	- 372	- 8,169
K. Non-current financial assets: BTP 5% falling due 01.05.08	145	145	145	145	145
L. Non-current bank debts	240,643	293,502	32,864	36,546	36,546
M. Bonds issued	-	-	-	-	-
N. Other non-current accounts payable	43,105	2,608	3,195	3,348	3,594
O. Non-current financial indebtedness (L) + (M) + (N)	283,748	296,110	36,059	39,894	40,140
P. Net non-current financial indebtedness (O) - (K)	283,603	295,965	35,914	39,749	39,995
Q. Net financial indebtedness (J) + (P)	269,527	274,463	32,643	39,377	31,826

4. Transactions with Related Parties

Within the scope of the transactions with Related Parties and parties with a potential conflict of interests, Group companies have adopted behaviour in line with the Consob notices on shareholding control, no. 97001574 of 20 February 1997 and no. 98015375 of 27 February 1998.

Currently, within the SNAI Group, relations with Related Parties are governed by standardised contracts, entered into at identical market conditions to those contained in the contracts with third party licensees, for the provision of administrative and financial and fiscal, tax and organisational advisory services with subsidiary companies and by contracts with the parent company SNAI Servizi for the provision of legal assistance and for settlement of the intra-group financial current account. In particular, the Group provides services for licensees of horseracing agencies and sports agencies, many of which hold shares in the share capital of the parent company SNAI Servizi.

Moreover, the Acquisition, described in greater detail in Section One, Chapter V, Paragraph 5.1.5 a) and Chapter XIX, subparagraph “the Acquisition” of this Prospectus, constitutes a transaction with Related Parties because many of the Business Units acquired by SNAI were directly or indirectly held by members of the SNAI Board of Directors through companies in which they had invested or companies run by their relatives. Moreover, all the Former Licence-Holders (except for two), before the transfer of the Business Units to SNAI, used the services provided by SNAI as service provider.

Given the existence, in relation to the Acquisition, of the typical risks connected with potential conflicts of interest of Related Parties, the members of the Board of Directors having an interest in the Acquisition acted in compliance with Article 2391 of the Civil Code. In order to implement the Acquisition at conditions of transparency and fairness, the Board of Directors assessed and selected the Business Units based on objective criteria, generally applied to all the Business Units and identified with the help of advisors. The Board of Directors also asked the company Baker Tilly Consulaudit S.p.A. to give a fairness opinion, which confirmed the profitability of the Business Units, as determined by the Board of Directors.

For further details on transactions with Related Parties, see Chapter XXII of this Prospectus and the paragraph titled “Relations with Related Parties and administrative bodies” of the SNAI six-month report as at 30 June 2006 and the management report in the financial statements for the years 2003, 2004 and 2005, available both on the Company website and on the Borsa Italiana website.

5. Information on the Offering

5.1. Total amount of the Offering

The Offering consists of a Capital Increase for payment for a maximum amount of EUR 250.0 million to be implemented through the issue of Company Shares having the same characteristics as the Company’s currently outstanding shares in circulation, to be offered in option to shareholders proportionally to their ownership in the Company.

On 14 September 2006, following revocation of the authority previously granted, the extraordinary general meeting of the company resolved to grant new authority on the Board of Directors, pursuant to Article 2443 of the Civil Code, for the increase in share capital for payment, with the right to determine from time to time whether the increase should be divisible or indivisible, on one or more occasions and within five years of the date of the resolution passed by the general meeting, for a maximum nominal amount of EUR 52,000,000 and therefore up to a maximum nominal value of EUR 80,570,453.60, by the issue of a maximum of 100,000,000 ordinary shares with a nominal unit value of EUR 0.52.

The Board of Directors, at its meeting on 26 October 2006, partially made use of the authority conferred on it pursuant to Article 5 of the By-laws, resolved to increase the share capital, in at one or more than one times, for an overall maximum amount of EUR 250 million, including the price over par, through the issue of Shares to be offered in option to shareholders.

On 30 November 2006 the Board of Directors resolved: (i) to issue a maximum number of 61,718,860 Shares; (ii) to set the price per Share at EUR 4.05; (iii) to offer the Shares in option to SNAI shareholders at the ratio of 28 Shares for every 25 ordinary shares held.

5.2. Reasons for the Offering and use of proceeds

The Capital Increase is primarily justified by the Company’s financial needs mainly related to the commitments and investments necessary to participate in the Tenders.

In particular, the Company may use the proceeds of the Offering: (i) to pay any amount payable in relation to the award of Rights as a result of the Tenders; (ii) to finance the purchase of new equipment that becomes necessary as a result of the increase in business at the SNAI Points that may occur as a result of the award of the Rights to SNAI pursuant to the Tenders; (iii) to effect early repayment of the Vendor Loan; (iv) to reduce the Group’s debts; (v) to finance the requirements deriving from the ordinary management of the Group.

The original nominal value of the Vendor Loan, amounting to EUR 79.9 million, will be repaid at a lower value equal to the net current value of the Vendor Loan on the date of repayment. The net value of the Vendor Loan as of 30 June 2006 amounted to EUR 66.7 million. Thus, the Former Licence-Holders, who are also shareholders in the parent company SNAI Servizi, will obtain financial resources that will largely be used to capitalize SNAI Servizi, contributing to the partial repayment of the loan made available by UBI for SNAI Servizi to subscribe for the Shares by exercising its option rights in connection with the Capital Increase.

5.3. Offering Calendar

The Offering is only in Italy.

The option rights, granting rights to subscribe for the Shares, shall be exercised, or will expire and become void, from Monday 4 December 2006 through Thursday 21 December 2006, at the authorised agents belonging to the Monte Titoli S.p.A. centralized management system, in compliance with the service rules issued by Monte Titoli in due time, by means of the subscription form drawn up and made available at the depositary agents.

The option rights may be traded on the stock exchange from Monday 4 December 2006 through Thursday 14 December 2006 inclusive.

Option rights not exercised by Thursday 21 December 2006 shall be offered on the MTA by the Company pursuant to Article 2441 paragraph 3 of the Civil Code.

6. Documentation available to the public

From the date of publication of this Prospectus and for the period of validity of the Offering, the following documents (or copies thereof), will be available at the Company's registered offices:

- a) the Company's deed of incorporation available from the Lucca Companies Registry;
- b) the Company's By-laws, available in paper version at the registered offices of the Company and Borsa Italiana and, in electronic format, on the Company website, at www.SNAI.it;
- c) the Company's stand-alone and consolidated financial statements, together with the reports issued by the auditing firm and by the board of statutory auditors, for the years ended 31 December 2003, 31 December 2004 and 31 December 2005, available in paper version at the registered offices of the Company and Borsa Italiana and, in electronic format, on the Company website, at www.snai.it;
- d) the financial statements of the parent company SNAI Servizi for the year ended 31 December 2005;
- e) the Company's six-month reports as at and for the periods ending, 30 June 2006 and as at and for the periods ending, 30 June 2005 available in paper version at the registered offices of the Company and Borsa Italiana and, in electronic format, on the Company website, at www.snai.it;
- f) the Company's pro-forma consolidated data tables relating to: (i) the year ended 31 December 2005; (ii) the six months ended 30 June 2006 (only relating to the consolidated profit and loss account) available from the registered Company's office and on its website, at www.snai.it; and

- g) the interim reports as at 30 September 2006 and 2005, available from the registered offices of the Company and Borsa Italiana in paper format, and in electronic format on the Company's website, at www.snai.it.

The documents, made available in accordance with the obligations of the Consolidated Finance Act, may be consulted at the Company's registered office at Via L. Boccherini n. 39, Porcari (LU), on the Company's website, at www.snai.it, and at Borsa Italiana S.p.A., at Piazza Affari 6, Milan.

THIS PROSPECTUS MAY BE CONSULTED IN ELECTRONIC FORMAT ON THE SNAI WEBSITE (www.snai.it) AND ON THE BORSA ITALIANA WEBSITE (www.borsaitalia.it.)

RISK FACTORS

THIS OFFERING PRESENTS THE TYPICAL RISKS OF AN INVESTMENT IN SHARES. INVESTORS ARE THEREFORE INVITED TO EVALUATE THE FOLLOWING INFORMATION CAREFULLY. IN PARTICULAR, THE FOLLOWING GENERAL AND SPECIFIC RISK FACTORS, RELATING TO THE COMPANY, THE GROUP, THE BUSINESS SECTOR IN WHICH THE GROUP OPERATES AND THE FINANCIAL INSTRUMENTS OFFERED, SHOULD BE TAKEN INTO CONSIDERATION BEFORE MAKING ANY INVESTMENT DECISION. THE RISK FACTORS SET OUT BELOW SHOULD BE READ TOGETHER WITH THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS.

A. RISK FACTORS RELATING TO THE ISSUER AND THE SNAI GROUP

A.I. RISKS RELATING TO THE LOAN AGREEMENTS AND TO THE INCREASE IN FINANCIAL INDEBTEDNESS

THE RESOURCES REQUIRED TO FINANCE THE ACQUISITION HAVE BEEN OBTAINED, PARTLY BY DEFERRED PAYMENT OF PART OF THE PURCHASE PRICE AND PARTLY BY TWO LOAN AGREEMENTS WITH UBI (SENIOR LOAN AGREEMENT) AND SOLAR S.A., A LUXEMBOURG COMPANY CONTROLLED BY FCCD LIMITED, A COMPANY INCORPORATED UNDER IRISH LAW, IN WHICH SNAI HOLDS A 30% INTEREST (JUNIOR LOAN AGREEMENT). THESE LOAN AGREEMENTS HAVE PROVIDED THE COMPANY WITH A TOTAL OF EUR 310 MILLION. THE COMPANY INTENDS TO REPAY THE LOANS WITH THE EXPECTED CASH FLOWS TO BE GENERATED BY OPERATIONS. IF THE COMPANY IS UNABLE TO GENERATE SUFFICIENT CASH FLOW, IT MAY HAVE TO RESORT TO FURTHER SOURCES OF FINANCING, OR RENEGOTIATE THE TERMS OF THE EXISTING LOANS.

AS AT 30 JUNE 2006, THE RATIO BETWEEN THE COMPANY'S NET INDEBTEDNESS AND ITS SHAREHOLDERS' EQUITY WAS 6.662 FOR THE COMPANY AND 3.29 FOR THE GROUP.

THE INCREASE IN COMPANY INDEBTEDNESS WILL GIVE RISE TO HIGHER FINANCIAL EXPENSES, WHICH, AS INDICATED BY THE PROFORMA CONSOLIDATED PROFIT AND LOSS ACCOUNT AS AT 30 JUNE 2006 AMOUNTED TO EUR 18,301,000, AND POTENTIALLY GREATER VOLATILITY OF THE COMPANY SHARE PRICE.

IN PARTICULAR, THE INCREASE IN THESE FINANCIAL EXPENSES IS AFFECTED, AMONG OTHER THINGS, BY THE INTEREST DERIVING FROM THE LOAN, THE INTEREST CONNECTED WITH THE DISCOUNTING OF THE DEBT ON THE DEFERMENT OF THE PRICE FOR THE ACQUISITION AND, FINALLY, BY SEVERAL SPECIFIC DEBTS RELATING TO THE BUSINESS UNITS.

MOREOVER, THE SNAI GROUP'S HIGH LEVEL OF INDEBTEDNESS COULD, AMONG OTHER THINGS:

- (i) LIMIT ITS CAPACITY TO OBTAIN FURTHER LOANS FOR WORKING CAPITAL, INVESTMENTS OR GENERAL EXPENSES OF THE SNAI GROUP BUSINESS;

- (ii) PUT THE SNAI GROUP AT A COMPETITIVE DISADVANTAGE IN RELATION TO ITS COMPETITORS WITH LESS FINANCIAL LEVERAGE;
- (iii) MAKE THE SNAI GROUP MORE VULNERABLE IN THE EVENT OF A WORSENING OF GENERAL MACROECONOMIC CONDITIONS AND THE CONDITIONS OF THE SECTOR IN WHICH IT OPERATES;
- (iv) ADVERSELY AFFECT THE GROUP'S FLEXIBILITY IN DRAWING UP STRATEGIC POLICIES TO DEAL WITH ANY CHANGES AFFECTING ITS BUSINESS AND THE SECTOR IN WHICH IT OPERATES.

ACCORDING TO MARKET PRACTICE FOR SIMILAR TRANSACTIONS, THE LOAN AGREEMENTS INCLUDES CERTAIN FINANCIAL COVENANTS APPLICABLE TO THE ENTIRE PERIOD OF THE LOANS, MAINLY IN RELATION TO THE CONSOLIDATED EBITDA AND TO THE COMPANY'S NET FINANCIAL INDEBTEDNESS. COMPLIANCE OF THESE FINANCIAL COVENANTS WILL BE CHECKED QUARTERLY. AS AT THE DATE OF THIS PROSPECTUS, THE COMPANY IS IN COMPLIANCE WITH THE ABOVE COVENANTS.

IN ADDITION, SPECIFIC RESTRICTIONS AND OBLIGATIONS ARE IMPOSED ON SNAI AND ITS SUBSIDIARIES, INCLUDING: (I) OBLIGATIONS TO PROVIDE INFORMATION ON THE MANAGEMENT TREND AND CONSOLIDATED ACCOUNTS, AS WELL AS THE OBLIGATION TO TRANSMIT ALL QUARTERLY, SIX-MONTH AND FINAL REPORTS ON THE FINANCIAL STATEMENTS, (II) OBTAIN AND/OR MAINTAIN ALL THE AUTHORISATIONS REQUIRED TO FULFIL ITS OBLIGATIONS PURSUANT TO THE CONTRACTS TO WHICH THE COMPANY IS A PARTY, (III) RESTRICTIONS ON THE FORMATION OF NEW GUARANTEES AND/OR LIENS ON THE ASSETS OF THE COMPANY AND OTHER MEMBERS OF THE SNAI GROUP, (IV) RESTRICTIONS ON THE TRANSFER OF ACCOUNTS RECEIVABLE FOR FINANCING PURPOSES, (V) RESTRICTIONS ON THE TRANSFER OF THE ASSETS OF SNAI OR OTHER MEMBERS OF THE SNAI GROUP, (VI) RESTRICTIONS ON 'EXTRAORDINARY CORPORATE TRANSACTIONS, WITHOUT PREJUDICE TO THE CORPORATE REORGANISATION AND THE MERGER OF TRENNO INTO THE COMPANY (SEE CHAPTER V, PARAGRAPH 5.1.5 B)), WHICH HAVE BEEN COMPLETED, AND ANY OTHER TRANSACTION AGREED WITH THE FINANCING INSTITUTIONS, (VII) RESTRICTIONS ON THE CHANGE OF ACTIVITIES OF THE COMPANY OR THE SNAI GROUP IN GENERAL, (VIII) RESTRICTIONS ON FURTHER FINANCIAL INDEBTEDNESS, (IX) OBLIGATION TO MAINTAIN SUITABLE INSURANCE COVERAGE; (IX) GUARANTEE OBLIGATIONS WITH REGARD TO SNAI SERVIZI'S CONTINUED HOLDING OF THE MAJORITY OF SNAI'S SHARE CAPITAL.

ON 20 OCTOBER 2006, PURSUANT TO THE LOAN AGREEMENTS, THE COMPANY OBTAINED THE BANKS' CONSENT TO: (I) ENTER INTO THE GUARANTEE AGREEMENT; (II) GIVE THE REAL GUARANTEES AS PROVIDED THEREIN AND (III) NOT TO USE INCOME DERIVING FROM AN INCREASE IN CAPITAL UP TO A MAXIMUM AMOUNT OF EUR 250 MILLION, TO BE COMPLETED BY 31 DECEMBER 2006, FOR THE EARLY REPAYMENT OF THE LOANS.

IN THE EVENT OF NON-COMPLIANCE WITH THE CLAUSES OR THE COVENANTS AND THE LOAN AGREEMENTS, THE ISSUER COULD BE DEEMED TO HAVE DEFAULTED ON THOSE AGREEMENTS AND THE LOANS, TOGETHER WITH ANY INTEREST ACCRUED, COULD BE DECLARED IMMEDIATELY DUE AND PAYABLE BY THE LENDING BANK, THUS FORCING THE

COMPANY TO USE THE ENTIRE LIQUIDITY AVAILABLE TO REPAY THE LOAN. MOREOVER, BOTH LOAN AGREEMENTS INCLUDE RECIPROCAL CLAUSES ON EXPIRY TO THE TERM, PURSUANT TO WHICH THE PERFORMANCE OF CERTAIN ACTS OR OCCURRENCE OF CERTAIN EVENTS DESCRIBED AND DETERMINED GIVES RISE TO THE OBLIGATION TO EFFECT EARLY REPAYMENT OF THE LOANS. THE LOAN AGREEMENTS ALSO INCLUDE CROSS DEFAULT CLAUSES, WHEREBY SPECIFIC EVENTS SUCH AS NON REPAYMENT OR EXPIRY OF THE TERM) OCCURRING IN LOANS OTHER THAN THOSE PROVIDED PURSUANT TO THE LOAN AGREEMENTS, ARE DEEMED TO CONSTITUTE DEFAULT ON THE LOAN AGREEMENTS AND MAY THEREFORE RESULT IN EARLY EXPIRY AND RESULTING OBLIGATION TO REPAY THE LOANS THEREUNDER. DEFAULT ON THE LOAN AGREEMENTS COULD SUBSEQUENTLY GIVE RISE TO THE ACCELERATION OF ANY OTHER LOAN AGREEMENTS THAT INCLUDE CROSS ACCELERATION OR CROSS DEFAULT CLAUSES.

IN PARTICULAR, IN THE EVENT OF EARLY REPAYMENT OF THE LOAN PROVIDED, THE GROUP MIGHT NOT HAVE SUFFICIENT FUNDS TO REPAY EXISTING LOANS.

EACH OF THE CIRCUMSTANCES DESCRIBED ABOVE COULD HAVE A NEGATIVE EFFECT ON THE ABILITY OF THE SNAI GROUP TO CONDUCT ITS ACTIVITIES OR TO HAVE ACCESS TO THE CAPITAL MARKETS AND COULD HAVE A NEGATIVE EFFECT ON THE CREDITWORTHINESS OF THE GROUP.

TO GUARANTEE THE LOANS TO THE COMPANY TO OBTAIN THE NECESSARY FINANCIAL RESOURCES FOR THE ACQUISITION, THE COMPANY GAVE GUARANTEES TO THE LENDING BANKS CONSISTING OF (I) A PLEDGE ON THE SHARES HELD BY SNAI SERVIZI IN SNAI, AND ON SNAI'S SHARES IN THE SUBSIDIARIES TRENNO, FESTA S.R.L., IMMOBILIARE VALCARENGA S.R.L. AND MAC HORSE S.R.L. AND IN TELEIPPICA S.R.L.; (II) MORTGAGES ON REAL PROPERTY OWNED BY SNAI AND TRENNO (III) A PLEDGE ON SNAI'S CURRENT ACCOUNTS AND ON THE CURRENT ACCOUNTS OF FESTA S.R.L., MAC HORSE S.R.L. AND TRENNO; AND (IV) A PLEDGE ON THE TRADEMARKS AND PATENTS HELD BY SNAI. CONSEQUENTLY, PURSUANT TO THE PROVISIONS OF THE PLEDGE AGREEMENTS, OWNERSHIP OF THESE PLEDGED OR MORTGAGED ASSETS COULD BE LOST BY THE CURRENT HOLDERS IN THE EVENT OF ENFORCEMENT OF THESE GUARANTEES AS A RESULT OF SNAI'S DEFAULT ON THE OBLIGATIONS UNDER THE LOAN AGREEMENTS. ENFORCEMENT OF THE PLEDGE OVER THE SNAI SHARES HELD BY SNAI SERVIZI WOULD GIVE RISE TO A CHANGE OF CONTROL OF THE SNAI GROUP.

FOR FURTHER INFORMATION, SEE SECTION ONE, CHAPTER XXII, SUBPARAGRAPH ON THE LOAN AGREEMENTS AND THE RELATIVE GUARANTEES.

A.II. RISKS DERIVING FROM SNAI'S SUBJECTION TO THE MANAGEMENT AND COORDINATION ACTIVITIES OF SNAI SERVIZI AND FROM THE LACK OF INCLUSION OF SEVERAL PROVISIONS OF THE CODE OF CORPORATE GOVERNANCE.

AS OF THE DATE OF THIS PROSPECTUS, THE COMPANY IS SUBJECT TO THE MANAGEMENT AND COORDINATION ACTIVITIES OF SNAI SERVIZI. THE MAJORITY OF MEMBERS OF THE SNAI BOARD OF DIRECTORS ARE ALSO SHAREHOLDERS, INDIRECTLY THROUGH COMPANIES IN WHICH THEY OWN CAPITAL, OF SNAI SERVIZI, AND SIX OF THE NINE

DIRECTORS ARE ALSO MEMBERS OF SNAI SERVIZI BOARD OF DIRECTORS, WHICH IS COMPOSED OF 15 MEMBERS.

FOR FURTHER INFORMATION, SEE SECTION ONE, CHAPTER VII, PARAGRAPH 7.1. OF THIS PROSPECTUS.

WITH REGARD TO THE PROTECTION OF MINORITY SHAREHOLDERS, PLEASE NOTE THAT, AS AT THE DATE OF THIS PROSPECTUS, THE COMPANY HAS NOT ADAPTED ITS CORPORATE GOVERNANCE SYSTEM TO ALL THE PROVISIONS OF THE CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES AND THE CONSOLIDATED FINANCE ACT, AS AMENDED BY LAW NO. 262 OF 28 DECEMBER 2005 (“SAVINGS ACT”).

IN PARTICULAR, AMONG OTHER THINGS, THE BOARD OF DIRECTORS DOES NOT HAVE THE REQUIREMENTS OF INDEPENDENCE: THE BALANCING AND CONTROL FUNCTION WHICH INDEPENDENT DIRECTORS SHOULD GUARANTEE ACCORDING TO THE RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE IS IN FACT ALREADY PERFORMED BY THE BOARD OF STATUTORY AUDITORS, ONE REGULAR MEMBER OF WHICH IS APPOINTED BY THE MINORITY SHAREHOLDERS, PURSUANT TO ARTICLE 23 OF THE BY-LAWS AND ARTICLE 148 OF THE CONSOLIDATED FINANCE ACT.

MOREOVER, ON THE DATE OF THIS PROSPECTUS, THE COMPANY’S BY-LAWS DO NOT PROVIDE FOR A LIST VOTING FOR THE APPOINTMENT OF DIRECTORS.

THE COMPANY PLANS TO ADAPT TO THE AFORESAID MANDATORY PROVISIONS, WITHIN THE TERMS SET OUT IN THE SAVINGS ACT.

FOR FURTHER INFORMATION, SEE SECTION ONE, CHAPTER XVI, PARAGRAPH 16.4 OF THIS PROSPECTUS.

A.III. RISKS CONNECTED WITH THE NEW STRATEGIC GUIDELINES AS A RESULT OF THE ACQUISITION

THE ACQUISITION, COMPLETED BY THE COMPANY ON 3 APRIL 2006, FALLS WITHIN THE NEW STRATEGIC GUIDELINES AIMED AT ACQUIRING THE LICENCES DIRECTORY, TO EXPAND BEYOND THE SERVICE PROVIDER ACTIVITIES FOR THE SNAI BETTING POINTS, WHICH PREVIOUSLY WAS THE COMPANY’S CORE BUSINESS. THROUGH THIS NEW STRUCTURE, IN FACT, SNAI HAS DIRECTLY ASSUMED THE BUSINESS RISKS CONNECTED WITH THE MANAGEMENT OF THE LICENCES.

DESPITE THE FACT THAT THE IMPLEMENTATION OF THESE NEW STRATEGIC POLICIES HAS BEEN COMPLETED SUCCESSFULLY, IN THE OPINION OF THE MANAGEMENT, IT IS NOT POSSIBLE TO ENSURE THAT THE COMPANY’S NEW BUSINESS WILL GENERATE ALL THE BENEFITS EXPECTED.

FOR FURTHER INFORMATION, SEE SECTION ONE, CHAPTER V, PARAGRAPH 5.1.5 A) SUBPARAGRAPH “THE ACQUISITION”.

A.IV. RISKS RELATING TO THE ACQUISITION AND TO THE MANAGEMENT AGREEMENTS ENTERED INTO AS A RESULT THEREOF

EACH OF THE BUSINESS UNITS ACQUIRED BY SNAI INCLUDES OWNERSHIP OF AN HISTORIC HORSERACING LICENCE, ORDINARY HORSERACING LICENCE, OR SPORTS LICENCE, THE BUSINESS GOODWILL, SEVERAL CONTRACTS RELATING TO THE SUPPLY OF ELECTRONIC, TELEPHONE AND LOGISTICS SERVICES REQUIRED TO PROVIDE THE SERVICE FOR TELEPHONE AND ELECTRONIC BETTING, AS WELL AS ITS DEBTS.

FOLLOWING THE ACQUISITION, THE FORMER LICENCE-HOLDERS STILL HELD THE AGENCY BRANCHES, THAT, INCLUDE THE CONTRACTS RELATING TO REAL PROPERTY, CAPITAL GOODS AND EMPLOYEES DEDICATED TO PROVIDING ADDITIONAL SERVICES, AMOUNTING TO 750 EMPLOYEES ON THE DATE OF THIS PROSPECTUS.

IT IS POSSIBLE TO EXCLUDE THE POSSIBILITY THAT, IN THE FUTURE, ONE OR MORE EMPLOYEES OF THE AGENCY BRANCHES MAY CLAIM TO HAVE BELONGED TO THE TRANSFERRED BUSINESS UNIT AND THAT THE WORKING RELATIONSHIP SHOULD HAVE BEEN TRANSFERRED WITH THE TRANSFER OF SUCH BUSINESS UNIT.

THE COMPANY CONSIDERS THIS RISK UNLIKELY BOTH IN THE LIGHT OF THE ANALYSES MADE IN RELATION TO THE IDENTIFICATION OF THE TWO UNITS AND BECAUSE THE ACQUISITION DID NOT GIVE RISE TO ANY REDUCTION IN THE LEVELS OF EMPLOYMENT. SO FAR, NONE OF THE EMPLOYEES OF THE AGENCY BRANCHES HAS FILED ANY CLAIMS IN THIS REGARD.

WITH REGARD TO THE RISKS RELATING TO THE DEVELOPMENT OF THE MANAGEMENT AGREEMENTS, NOTE THAT, FOR THE COLLECTION AND ACCEPTANCE OF BETS AND OTHER ACTIVITIES FORMING THE SUBJECT OF THOSE AGREEMENTS, THE MANAGER OF THE SNAI POINT IS PAID A DAILY FEE BASED ON THE VOLUME OF BETS PRODUCED AND ON THE BETS PLACED WITH TELEPHONE AND ELECTRONIC SYSTEMS CONNECTED TO THAT SNAI POINT. HOWEVER, IF THE SNAI POINT CONSIDERS THAT THE FEE HAS BECOME UNFAIR, THE PARTIES SHALL NEGOTIATE A REVIEW THEREOF IN GOOD FAITH AND, IF AN AGREEMENT IS NOT REACHED WITHIN A SPECIFIC PERIOD, THE SNAI POINT SHALL BE ENTITLED TO WITHDRAW FROM THE CONTRACT. SUCH A CASE COULD MEAN: (I) THE COMPANY WILL BE FORCED TO BEAR AN INCREASE IN COSTS TO SELECT ANOTHER MANAGER WITH SIMILAR SKILLS TO THE PRIOR MANAGER; (II) A POSSIBLE REDUCTION IN COMPANY BUSINESS IF THE AFORESAID AGREEMENT WERE NOT REACHED.

EACH MANAGEMENT AGREEMENT ALSO CONTAINS A NON-COMPETE CLAUSE, PROHIBITING A MANAGER FROM COMPETING FOR A PERIOD OF FIVE YEARS, ON WHICH ACCOUNT THE FORMER LICENCE-HOLDERS HAVE UNDERTAKEN THAT ANYONE HOLDING A DIRECT OR INDIRECT INVESTMENT IN THE SNAI POINT SHALL NOT PROVIDE THE BET COLLECTION AND ACCEPTANCE SERVICE, INCLUDING THE ACTIVITIES CONNECTED WITH THAT SERVICE, IN COMPETITION WITH SNAI, OR HOLD LICENCES OR OTHER ADMINISTRATIVE RIGHTS REQUIRED TO CONDUCT SUCH ACTIVITIES. AS THE TERM OF EACH OF THE MANAGEMENT AGREEMENTS IS MORE THAN FIVE YEARS, THE EXPIRY OF THE NO-COMPETE COVENANT COULD IMPLY A DIVERSIFICATION OF THE OPERATORS

COMPETING WITH SNAI, WHO WILL BE ABLE TO CONDUCT THEIR OWN BET COLLECTION AND ACCEPTANCE ACTIVITIES AND ACQUIRE DIRECT TITLE TO THE LICENCES BY OPERATING ON THE MARKET AS LICENSEES.

FINALLY, EACH MANAGEMENT AGREEMENT ALSO PROVIDES THAT, IF THE COMPANY SHOULD LOSE ITS TITLE TO THE LICENCE ACQUIRED, THE SNAI POINT MAY REQUEST CANCELLATION OF THE MANAGEMENT AGREEMENT, PURSUANT TO ARTICLE 1463 OF THE CIVIL CODE, ON THE GROUND IT IS IMPOSSIBLE FOR THE SERVICE TO BE PROVIDED, WHILE, IF THE COMPANY IS UNABLE TO OFFER CUSTOMERS ALTERNATIVE PRODUCTS IN THE GAMING AND BETTING SECTOR, AS A RESULT OF THE NEW REGULATIONS IN THE SECTOR ITSELF, THE SNAI POINT WILL BE ABLE TO WITHDRAW FROM THE CONTRACT.

FOR FURTHER INFORMATION, SEE SECTION ONE, CHAPTER XXII, SUBPARAGRAPH “OPTION CONTRACTS AND MANAGEMENT AGREEMENTS” OF THIS PROSPECTUS.

A.V. RISKS RELATING TO TAX LIABILITIES RESULTING FROM THE PURCHASE OF BUSINESS UNITS AND JOINT AND SEVERAL LIABILITY OF THE TRANSFEROR

PURSUANT TO ARTICLE 14, PARAGRAPH 1, OF LEGISLATIVE DECREE NO. 472 OF 18 DECEMBER 1997: “THE TRANSFEROR SHALL BE JOINTLY AND SEVERALLY LIABLE, WITHOUT PREJUDICE TO THE RIGHT OF PRIOR ENFORCEMENT OF THE TRANSFEREE AND WITHIN THE LIMITS OF THE VALUE OF THE BUSINESS OR BUSINESS UNIT, FOR THE PAYMENT OF TAX AND ANY PENALTIES RESULTING FROM VIOLATIONS COMMITTED DURING THE YEAR IN WHICH THE TRANSFER IS MADE AND WITHIN THE TWO PREVIOUS YEARS AND FOR ANY SANCTION ALREADY IMPOSED AND CONTESTED DURING THAT SAME PERIOD, EVEN IF RELATING TO VIOLATIONS COMMITTED IN AN EARLIER PERIOD”.

IT IS POSSIBLE THAT ONE OR MORE FORMER LICENCE-HOLDERS MAY BECOME SUBJECT TO TAX AUDITS. IN THAT CASE, FOLLOWING THE UNSUCCESSFUL ENFORCEMENT OF THE RELEVANT FORMER LICENCE-HOLDER, THE COMPANY MIGHT BE CALLED UPON TO PAY THE RELEVANT SUMS BECAUSE IT IS LIABLE JOINTLY AND SEVERALLY, WITHOUT PREJUDICE TO ITS RIGHT TO THEN SEEK RECOURSE AGAINST THE FORMER LICENCE-HOLDERS. THE BOARD OF DIRECTORS BELIEVES THERE IS ADEQUATE CONTRACTUAL PROTECTION IN THE RELEVANT OPTION CONTRACTS, AND IF THE JOINT LIABILITY WERE TO APPLY, SNAI COULD OBTAIN, THROUGH RECOURSE, THE DEFERRED PORTION OF THE FEE (“VENDOR LOAN”) PAYABLE TO THE FORMER LICENCE-HOLDERS FOR THE PURCHASE OF THE BUSINESS UNITS. CONSEQUENTLY, THE DIRECTORS CONSIDER THAT THE RISK OF SNAI INCURRING NET LIABILITIES IS REMOTE. IF THE VENDOR LOAN WERE REPAYED EARLY, IT WOULD GIVE RISE TO AN INCREASE IN RESOURCES AVAILABLE TO THE FORMER LICENCE-HOLDERS, IN PROPORTION TO THE SIMULTANEOUS REDUCTION IN THE RISK TO SNAI IN LIGHT OF ITS JOINT AND SEVERAL LIABILITY.

A.VI. RISKS RELATING TO THE NEW CORPORATE PURPOSE AND REORGANISATION OF THE SNAI GROUP

THE ACQUISITION HAS CONSTITUTED A MAJOR STEP IN THE ACHIEVEMENT OF SNAI’S STRATEGIC GUIDELINES, AS A RESULT OF WHICH SNAI’S BUSINESS HAS CHANGED SUBSTANTIALLY. IN FACT, WHEREAS THE COMPANY USED TO BE A SERVICE PROVIDER IN

THE GAMING AND BETTING SECTOR, WHICH AS ITS CORE BUSINESS, WITH THE IMPLEMENTATION OF THE ACQUISITION, IT HAS BECOME THE DIRECT HOLDER OF HORSERACING LICENCES AND SPORTS LICENCES, WITH THE DIRECT ASSUMPTION OF THE RISK RELATING TO FIXED-RATE BETTING.

THE DIRECT ASSUMPTION OF THAT RISK IS MITIGATED BY THE FACT THE COMPANY HAS AGENCIES THROUGHOUT ITALY, WHICH ENABLES SNAI TO ACCEPT BETS WITH AN OPPOSITE SIGN FOR THE SAME EVENT. BECAUSE OF THE DIFFERENCE, BY GEOGRAPHICAL AREA, OF THE BETTORS' TYPICAL PREFERENCES, THIS WILL LIMIT THE RISK FOR EACH INDIVIDUAL LICENCE.

IN ORDER TO ADEQUATELY EXPAND THE SCOPE OF THE ACTIVITIES THAT SNAI MAY CONDUCT, MAINLY INCLUDING THE ACTIVITIES AS LICENSEE FOR THE COLLECTION AND MANAGEMENT OF BETTING, FORECAST EVENTS AND ALL GAMING, THE COMPANY'S EXTRAORDINARY GENERAL MEETING ON 2 AUGUST 2005 AMENDED THE CORPORATE PURPOSE. ON THAT OCCASION, IT WAS ALSO RESOLVED TO PROVIDE FOR A SERIES OF FURTHER ACTIVITIES, ESSENTIALLY CONNECTED WITH, RELATED TO AND/OR INSTRUMENTAL TO THE SERVICE PROVIDER ACTIVITIES AND BET COLLECTION MANAGEMENT.

TO COMPLETE THE PROPOSED REORGANISATION OF THE SNAI GROUP, THE PROCEDURE FOR THE MERGER INTO SNAI OF TRENNO S.P.A., A COMPANY DIRECTLY CONTROLLED BY SNAI (SEE CHAPTER V, PARAGRAPH 5.1.5 B)), WAS ALSO COMPLETED.

ALTHOUGH THE MANAGEMENT BELIEVES THAT THE CONDITIONS EXIST FOR THE REORGANISATION TO PRODUCE THE POSITIVE RESULTS EXPECTED, IT IS NOT CURRENTLY POSSIBLE TO ENSURE THAT THESE RESULTS WILL BE PRODUCED.

A.VII. RISKS CONNECTED WITH POTENTIAL CONFLICTS OF INTEREST WITH RELATED PARTIES

GIVEN THE EXISTENCE, WITH REGARD TO THE ACQUISITION, OF THE TYPICAL RISKS CONNECTED WITH POTENTIAL CONFLICTS OF INTEREST OF RELATED PARTIES, BECAUSE ALL THE MEMBERS OF THE BOARD OF DIRECTORS HAVE A DIRECT OR INDIRECT INTEREST IN THE ACQUISITION AS TRANSFERORS OF THE BUSINESS UNITS, PURSUANT TO ARTICLE 2391 OF THE CIVIL CODE, THEY INFORMED THE OTHER DIRECTORS AND THE BOARD OF STATUTORY AUDITORS OF THE NATURE, SCOPE, ORIGIN AND TERMS OF THEIR INTEREST, DURING THE MEETING OF THE BOARD OF DIRECTORS ON 29 JUNE 2005, RESOLVED TO PROCEED WITH THE ACQUISITION. WITHOUT PREJUDICE TO THE FOREGOING, MOST OF THE BUSINESS UNITS ACQUIRED PURSUANT TO THE ACQUISITION WERE IN FACT OWNED BY DIRECTORS. IN PARTICULAR, OUT OF 450 UNITS TRANSFERRED, 235 WERE HELD BY DIRECTORS, 301 BY SHAREHOLDERS IN THE PARENT COMPANY SNAI SERVIZI AND 2 BY THE SUBSIDIARY FESTA S.R.L. CONSEQUENTLY, A TOTAL OF 365 BUSINESS UNITS WERE THEREFORE ACQUIRED FROM RELATED PARTIES.

IN ORDER TO COMPLY WITH OTHER OBLIGATIONS UNDER ARTICLE 2391 OF THE CIVIL CODE, DURING THE COURSE OF THAT SAME MEETING, THE COMPANY EXPLAINED THE REASONS IN SUPPORT OF AND ADVANTAGES OF THE ACQUISITION. IN PARTICULAR, IT

INDICATED HOW, IN THE LIGHT OF THE FAST EVOLUTION OF THE GAMING AND BETTING SECTOR, AND THE EVER INCREASING PRESSURES ON THE MARKET APPLIED BY BOTH ITALIAN AND FOREIGN OPERATORS, THE ACQUISITION WOULD ALLOW SNAI TO CONSOLIDATE ITS PRESENCE ON THE MARKET, SIGNIFICANTLY IMPROVING ITS TURNOVER AND PROFITABILITY AND, CONSEQUENTLY, ITS PERFORMANCE ON THE MARKET.

THE DECLARATION MADE BY MEMBERS DURING THE COURSE OF THE AFORESAID MEETING WAS REPEATED AT SUBSEQUENT MEETINGS OF THE BOARD OF DIRECTORS. IN ORDER TO EFFECT THE ACQUISITION UNDER CONDITIONS OF SUBSTANTIAL TRANSPARENCY AND FAIRNESS, THE BOARD OF DIRECTORS ASSESSED AND SELECTED THE BUSINESS UNITS BASED ON OBJECTIVE CRITERIA, IDENTIFIED WITH THE HELP OF ADVISORS AND GENERALLY APPLIED TO ALL BUSINESS UNITS.

PURSUANT TO ARTICLE 2391-*BIS* OF THE CIVIL CODE AND THE RECOMMENDATIONS OF THE CODE OF CORPORATE GOVERNANCE, THE BOARD OF DIRECTORS ALSO MADE USE OF THE ADVICE OF INDEPENDENT EXPERTS, ASKING THE COMPANY BAKER TILLY CONSULAUDIT S.P.A. TO GIVE A FAIRNESS OPINION WHICH CONFIRMED THE FAIRNESS OF THE AGGREGATE PRICE PAID BY THE COMPANY FOR THE PURCHASE OF THE BUSINESS UNITS. THE PRICE PAID BY THE COMPANY FOR THE ACQUISITION OF THE BUSINESS UNITS DIRECTLY OR INDIRECTLY ATTRIBUTABLE TO THE DIRECTORS AMOUNTED TO EUR 204.9 MILLION, WHILE THAT RELATING TO SHAREHOLDERS IN THE SUBSIDIARY SNAI SERVIZI AMOUNTED TO EUR 256.3 MILLION AND THAT RELATING TO THE SUBSIDIARY FESTA S.R.L. AMOUNTED TO EUR 0.69 MILLION. THE SUM OF THE AMOUNTS PAID TO ASSOCIATED PARTIES, EQUAL TO EUR 302.8 MILLION, REPRESENTS 84.46% OF THE TOTAL AMOUNT PAID FOR THE ACQUISITION.

THE BOARD OF DIRECTORS ALSO MADE AN OFFER TO PURCHASE TO THE SNAI POINT HOLDERS, SUBSEQUENTLY ENTERING INTO 450 PURCHASE OPTION CONTRACTS WITH ALL THE HOLDERS OF BUSINESS UNITS WHO HAD DECLARED THEIR WILLINGNESS TO DO SO; THE BOARD OF DIRECTORS SUBSEQUENTLY EXERCISED THE PURCHASE OPTION RIGHT ON ALL 450 BUSINESS UNITS FORMING THE SUBJECT OF THOSE OPTION CONTRACTS, ONLY EXCLUDING TWO BUSINESS UNITS FROM THE ACQUISITION AS THE DEBTS RELATING TO THEM EXCEEDED THE PRICE SNAI WOULD HAVE HAD TO PAY TO THE TRANSFEROR, BASED ON THE FORMULA INDICATED IN THE RELATIVE OPTION CONTRACT. BY ACQUIRING ALL THE BUSINESS UNITS FORMING THE SUBJECT OF THE OPTION, WITHOUT MAKING ANY OTHER SELECTION BEYOND THAT BASED ON THE OBJECTIVE CRITERION INDICATED ABOVE AND BY APPLYING THE SAME FORMULA TO DETERMINE THE PRICE PAYABLE, THE BOARD OF DIRECTORS BEHAVE ADEQUATELY TO ENSURE EQUAL TREATMENT OF ALL PERSONS OFFERING THE COMPANY THE PURCHASE OPTION AND THEREFORE INDEPENDENTLY FROM THE EXISTENCE OR OTHERWISE OF ANY RELATIONSHIP.

SIMILAR INITIATIVES WERE TAKEN WITH REGARD TO THE EXECUTION OF THE MANAGEMENT AGREEMENTS WITH THE FORMER LICENCE-HOLDERS, IN RELATION TO THE BUSINESS UNITS ACQUIRED. IN PARTICULAR, IN ORDER TO AVOID FAVOURING CERTAIN PERSONS RELATED TO MEMBERS OF THE BOARD OF DIRECTORS, EVEN IF ONLY TO THE

POTENTIAL DETRIMENT OF THIRD PARTIES, A SINGLE STANDARD VERSION WAS USED. THE STANDARD CONTRACT WAS DESIGNED TO ENSURE EQUAL TREATMENT.

WITH REGARD TO THE JUNIOR LOAN AGREEMENT ARRANGED WITH THE COMPANY SOLAR S.A., NOTE THAT SOLAR S.A. IS INCORPORATED UNDER LUXEMBOURG LAW, AND IS 70% BY FCCD LIMITED AND FOR 30% BY SNAI. HOWEVER, CONTROLLER FOR SNAI DOES NOT HAVE THE POWER TO TAKE PART IN THE FINANCIAL AND MANAGERIAL POLICIES OF SOLAR S.A., THEREFORE THE LATTER CANNOT BE CONSIDERED TO BE A RELATED PARTY. FCCD LIMITED IS A COMPANY INCORPORATED UNDER IRISH LAW THAT IS NOT CONSOLIDATED WITHIN THE SNAI GROUP AND THE MEMBERS OF ITS BOARD OF DIRECTORS ARE APPOINTED BY THE MAJORITY SHAREHOLDER. THE FCCD LIMITED IS 100% HELD BY DRAWBRIDGE SPECIAL OPPORTUNITIES FUND LP, WHICH IS NOT A RELATED PARTY OF SNAI. SOLAR S.A OBTAINED THE NECESSARY FINANCIAL RESOURCES TO PROVIDE THE JUNIOR LOAN BY ISSUING PREFERRED EQUITY CERTIFICATES SUBSCRIBED FOR BY THIRD PARTIES. THE CHARACTERISTICS OF THE JUNIOR LOAN WERE DETERMINED IN THE CONTEXT OF THE OVERALL STRUCTURE OF THE LOAN.

THE MANAGEMENT BELIEVES THAT ALL SUITABLE MEASURES DESIGNED TO ENSURE THE TRANSPARENCY AND SUBSTANTIAL AND PROCEDURAL FAIRNESS OF THE TRANSACTIONS WITH RELATED PARTIES DESCRIBED ABOVE HAVE BEEN ADOPTED. POTENTIAL FUTURE DISPUTES MAY, HOWEVER ARISE.

RELATIONS WITH THE PARENT COMPANY SNAI SERVIZI

AS AT THE DATE OF THIS PROSPECTUS, THE COMPANY HAS CONTRACTS WITH ITS PARENT COMPANY SNAI SERVIZI, FOR THE PROVISION OF LEGAL SERVICES AND FOR THE SETTLEMENT OF THE INTRA-GROUP FINANCIAL CURRENT ACCOUNT.

FOR FURTHER INFORMATION, SEE SECTION ONE, CHAPTER XIX AND CHAPTER X.

A.VIII. RISKS DERIVING FROM PENDING LEGAL PROCEEDINGS

THE COMPANY IS INVOLVED IN SEVERAL LEGAL PROCEEDINGS FILED BEFORE THE ORDINARY AND ADMINISTRATIVE COURTS SOME OF WHICH ARE BY RIVAL OPERATORS, AND IN TAX PROCEEDINGS. THESE PROCEEDINGS ARE DESCRIBED IN SECTION, CHAPTER XX, PARAGRAPH 20.8 OF THIS PROSPECTUS.

THE PROCEEDINGS FILED AGAINST THE COMPANY FOR A SIGNIFICANT AMOUNT ARE SUMMARIZED BRIEFLY BELOW.

PROCEEDINGS ARE PENDING BEFORE SECTION IV OF THE MILAN COURT OF APPEAL RELATING TO THE CLAIM FOR COMPENSATION OF DAMAGE FILED BY MATISSE 90 S.R.L. FOR SNAI ALLEGED DEFAULT ON ITS OBLIGATIONS UNDER A SUPPLY CONTRACT RELATING TO THE SETTING-UP OF AGENCIES OWNED BY THE PLAINTIFF. THE PLAINTIFF SOUGHT DAMAGES FOR EUR 1,500,000, AND THE CLAIM WAS DENIED BY THE COURT OF FIRST INSTANCE. ON THE DATE OF THIS PROSPECTUS, THE RELEVANT APPEAL IS PENDING BEFORE THE MILAN COURT OF APPEAL.

WITH REGARD TO TAX MATTERS, JUDICIAL PROCEEDINGS ARE PENDING ON MORTGAGE TAXES ALLEGEDLY PAYABLE FOR A MAXIMUM OF EUR 2,600,000.

WITH REGARD TO ADMINISTRATIVE MATTERS, A PETITION WAS FILED BEFORE THE LAZIO REGIONAL ADMINISTRATIVE COURT ON 9 FEBRUARY 2006, BY PIANETA SCOMMESSE S.R.L. SEEKING TEMPORARY SUSPENSION AND THEN CANCELLATION OF ORDER NO. 14908 OF 23 NOVEMBER 2005, WHEREBY THE ANTITRUST AUTHORITY RESOLVED NOT TO COMMENCE AN INVESTIGATION INTO THE MERGER NOTIFIED BY SNAI ON 4 NOVEMBER 2005, I.E. THE ACQUISITION. ON 22 FEBRUARY 2006, THE APPELLANT ABONDED ITS REQUEST FOR SUSPENSION OF THE ORDER. FOLLOWING THE HEARING OF THE MERITS, HELD ON 10 MAY 2006, THE LAZIO REGIONAL ADMINISTRATIVE COURT DENIED THE PETITION. FOLLOWING THE HEARING ON 10 MAY 2006, ORDER NO. 148/2006 WAS ISSUED, REJECTING THE APPEAL FILED BY PIANETA SCOMMESSE S.R.L. PUBLICATION OF THE ORDER AND OF THE DECISION IS AWAITED.

THE COMPANY HAS NOT MADE ANY ACCRUSIS TO RISK FUNDS, IN RELATION TO THE PETITIONS FILED BY OTHER PARTIES, BECAUSE IT CONSIDERS THEM GROUNDLESS.

THE NEGATIVE OUTCOME OF A SIGNIFICANT PORTION OF THE PROCEEDINGS, LISTED IN DETAIL IN SECTION ONE, CHAPTER XX, PARAGRAPH 20.8 OF THIS PROSPECTUS OR OF THOSE INVOLVING RISKS OF PAYMENT OF SIGNIFICANT AMOUNTS BY SNAI, COULD HAVE A SIGNIFICANT IMPACT ON THE BUSINESS OF THE SNAI GROUP, ON ITS RESULTS AND ON ITS PROSPECTS OF DEVELOPMENT AND GROWTH.

A.IX. RISKS CONNECTED WITH THE USE OF TECHNOLOGIES

THE NETWORK AND COMPUTER SYSTEMS USED BY THE SNAI GROUP COMPANIES ARE POTENTIALLY SUBJECT TO DAMAGE AND INTERRUPTION CAUSED BY HUMAN ERROR, PROBLEMS RELATING TO THE TELECOMMUNICATIONS NETWORK, NATURAL DISASTERS, SABOTAGE, VIRUSES AND SIMILAR EVENTS.

ANY INTERRUPTIONS IN THE SYSTEM COULD HAVE A NEGATIVE EFFECT ON THE QUALITY OF THE SERVICES OFFERED AND, CONSEQUENTLY, ON CONSUMER DEMAND AND THEREFORE ON THE VOLUME OF SALES.

THE SNAI GROUP ALSO AVAILS ITSELF OF SEVERAL TECHNOLOGIES TO ALLOW REMOTE BETTING, SUCH AS TELEPHONE OR INTERNET BETTING. CONSEQUENTLY, IF THE SNAI GROUP OR A THIRD PARTY CONTACTED BY THE SNAI GROUP FOR THE SUPPLY OF SUCH TECHNOLOGIES OR SERVICES FOR THEIR USE WERE NEGLIGENT IN TRANSMITTING EITHER DATA ON BETS PLACED BY THE PUBLIC OR DATA RELATING TO THE PAYMENT OF SUCH BETS, THERE WOULD BE A RISK THAT EXISTING POTENTIAL CUSTOMERS OF THE SNAI GROUP MIGHT NO LONGER CONSIDER USING THOSE TECHNOLOGIES, THEREBY FRUSTRATING ANY INVESTMENTS MADE BY THE GROUP IN THE SECTOR. THERE IS ALSO NO ASSURANCE THAT THE AFORESAID REMOTE BETTING TECHNOLOGIES WILL NOT BE SUBJECT TO ATTACK BY HACKERS OR TO OTHER INTERRUPTIONS IN SERVICE, THEREBY SUBJECTING GROUP COMPANIES TO LIABILITY FOR ANY USER LOSSES.

THE INTRODUCTION OF NEW BET ACCEPTANCE PROCEDURES, PARTICULARLY WITH REGARD TO THE ACCEPTANCE OF TELEPHONE AND INTERNET BETS, MAY ALSO AFFECT THE EMERGENCE OF NEW COMPETITORS FOR SNAI, AND THEREFORE LEAD TO A REDUCTION IN THE VOLUME OF BETS COLLECTED BY THE SNAI GROUP. SIMILARLY, IF NEW BETTING OR ACCEPTANCE PROCEDURES WERE DESIGNED AND ADMITTED BY THE ITALIAN REGULATIONS, SNAI WOULD HAVE TO BEAR ADDITIONAL COSTS TO ADAPT ITS TECHNOLOGICAL EQUIPMENT AND TO MAINTAIN ITS OFFER TO BETTORS AT THE SAME LEVEL AS ANY MORE PREPARED COMPETITORS.

FOR FURTHER INFORMATION, SEE SECTION ONE, CHAPTER VI, PARAGRAPH 6.1.1. (A) AND (B) OF THIS PROSPECTUS.

A.X. RISKS RELATING TO RESTRICTIONS ON THE DISTRIBUTION OF DIVIDENDS

AT THE END OF EACH FISCAL YEAR, THE BOARD OF DIRECTORS COULD PROPOSE TO THE GENERAL MEETING THAT NO DIVIDEND BE DISTRIBUTED. SNAI'S CAPACITY TO DISTRIBUTE DIVIDENDS IN FUTURE YEARS MAY ALSO BE AFFECTED BY, FOR EXAMPLE: (I) THE ACTUAL REALIZATION OF FUTURE PROFITS; (II) THE FINANCIAL POSITION OF SNAI OR THE SNAI GROUP; (III) THE NEED TO MAKE ACCRUALS OR SET UP RESERVES; (IV) THE RESTRICTIONS UNDER THE LOAN AGREEMENTS (SEE CHAPTER XXII, PARAGRAPH "LOAN AGREEMENTS AND RELATIVE GUARANTEES"); (V) OTHER FACTORS CONSIDERED SIGNIFICANT BY THE SNAI DIRECTORS FOR DIVIDEND DISTRIBUTION.

FOR FURTHER INFORMATION ON RESTRICTIONS ON THE DIVIDEND POLICY, SEE SECTION ONE, CHAPTER XX, PARAGRAPH 20.7 OF THIS PROSPECTUS.

A.XI. RISKS CONNECTED WITH THE PRO-FORMA ACCOUNTING INFORMATION

THIS PROSPECTUS CONTAINS SEVERAL TABLES OF PRO-FORMA CONSOLIDATED INFORMATION FOR THE SNAI GROUP FOR THE YEAR ENDED 31 DECEMBER 2005 AND THE SIX MONTHS ENDED 30 JUNE 2006.

THE PRO-FORMA INFORMATION HAS BEEN PREPARED IN ORDER TO SHOW SNAI'S BALANCE SHEET, INCOME AND FINANCIAL CONDITION AND TO GIVE EFFECT TO THE ACQUISITION AS IF IT HAD OCCURRED, FOR BALANCE SHEET PURPOSES AT 31 DECEMBER 2005, AND FOR THE PURPOSES OF THE PROFIT AND LOSS ACCOUNT AS AT 1 JANUARY 2005.

THE PRO-FORMA INFORMATION DERIVES FROM A PORTRAYAL BASED ON ASSUMPTIONS: IF THE ACQUISITION HAD ACTUALLY OCCURRED ON THE DATES TAKEN AS A REFERENCE FOR THE PREPARATION OF THE PRO-FORMA INFORMATION, RATHER THAN ON THE DATE, THE HISTORIC INFORMATION WOULD NOT NECESSARILY BE THE SAME AS THE PRO-FORMA INFORMATION; MOREOVER, THE PRO-FORMA INFORMATION DO NOT REFLECT THE INFORMATION SHOWN IN THE TABLES AND ARE PREPARED SOLELY TO INDICATE THE EFFECTS OF THE ACQUISITION THAT CAN BE TAKEN IN ISOLATION AND OBJECTIVELY MEASURED, WITHOUT TAKING INTO ACCOUNT THE POTENTIAL EFFECTS DUE TO CHANGES IN THE MANAGEMENT POLICIES AND OPERATING DECISIONS RESULTING FROM THE TRANSACTION ITSELF.

FINALLY, THE PRO-FORMA ACCOUNTING INFORMATION ALSO DERIVES FROM INFORMATION RELATING TO THE BUSINESS UNITS ACQUIRED. SUCH INFORMATION HAS BEEN ADOPTED BY THE MINISTRY OF THE ECONOMY AND FINANCE, THROUGH SOGEI AND THE AAMS AND BY THE UNIRE.

THE INDEPENDENT AUDITING FIRM HAS EXAMINED SNAI'S CONSOLIDATED PRO-FORMA INFORMATION IN ACCORDANCE WITH THE CRITERIA RECOMMENDED BY THE CONSOB IN RECOMMENDATION NO. DEM/1061609 OF 9 AUGUST 2001 (SEE ANNEX 2 TO THIS PROSPECTUS), CONFIRMING THE REASONABLE NATURE OF THE ASSUMPTIONS USED TO PREPARE THE PRO-FORMA FINANCIAL STATEMENTS, AND THE CORRECT APPLICATION OF THE METHODOLOGIES USED.

FOR FURTHER INFORMATION, SEE SECTION ONE, CHAPTER XX, PARAGRAPH 20.2 OF THIS PROSPECTUS.

A.XII. RISKS CONNECTED WITH STATEMENTS ON THE MARKET POSITION OF THE COMPANY AND THE GROUP AND INFORMATION ON THE TREND IS OF THE REFERENCE MARKET

THIS PROSPECTUS CONTAINS STATEMENTS MADE BY THE COMPANY REGARDING ITS MARKET POSITION BASED ON ITS SPECIFIC KNOWLEDGE OF ITS MARKET SECTOR, THE INFORMATION AVAILABLE AND ITS OWN EXPERIENCE. THE PROSPECTUS ALSO CONTAINS INFORMATION ON THE EVOLUTION OF THE MARKET IN WHICH THE SNAI GROUP OPERATES. THE GROUP'S POSITIONING AND THE DEVELOPMENT OF THAT MARKET COULD DIFFER FROM THOSE DESCRIBED AS A RESULT OF KNOWN AND UNKNOWN RISKS AND UNCERTAINTIES. IT IS NOT POSSIBLE TO GUARANTEE THAT THIS INFORMATION MAY BE CONFIRMED.

B. RISK FACTORS RELATING TO THE SECTOR IN WHICH THE GROUP OPERATES

B.I. RISKS RELATING TO THE PROVISIONS ON LICENCES

APPLICABLE LAW RESERVES TO THE ITALIAN STATE THE RIGHT TO OPERATE ALL TYPES OF GAMING, EITHER DIRECTLY OR BY GRANTING LICENCES TO PRIVATE COMPANIES OR TO PUBLIC INSTITUTIONS, GENERALLY THROUGH SUITABLY PUBLIC PROCEDURES. THE COMPANY THEREFORE OPERATES IN AN INTENSELY REGULATED BUSINESS SECTOR. WITH PARTICULAR REFERENCE TO THE REGULATORY FRAMEWORK REGULATING THE BETTING SECTOR, SNAI'S BUSINESS APPEARS TO BE MAINLY REGULATED BY REGULATIONS GOVERNING THE PROCEDURES FOR THE ASSIGNMENT, RENEWAL AND REVOCATION OF THE STATE LICENCES REQUIRED TO COLLECT AND ACCEPT HORSE RACING AND SPORTS BETS, SUCH BUSINESS BEING RESERVED SOLELY FOR THE STATE.

BASED ON ARTICLE 2 OF PRESIDENTIAL DECREE 169/1998, THE HISTORIC HORSE RACING LICENCES SHOULD BE ASSIGNED BY TENDER. HOWEVER, WITH THE DIRECTIVE OF 9 DECEMBER 1999 ISSUED JOINTLY BY THE MINISTRY OF ECONOMIC AFFAIRS AND FINANCE AND THE MINISTRY OF AGRICULTURAL POLICIES, THEY WERE RENEWED IN FAVOUR OF THE EXISTING HOLDERS.

SUBSEQUENTLY, ARTICLE 8, PARAGRAPH 13, OF LAW 200/2003 ASSIGNED THE MANAGEMENT OF THE HISTORIC HORSERACING LICENCES TO THE UNIRE. IMPLEMENTING THAT REGULATION, BY RESOLUTION NO. 107 OF 14 OCTOBER 2003, THE UNIRE ORDERED A FURTHER RENEWAL OF THE AFORESAID LICENCES UP TO 2012 IN FAVOUR OF LICENSEES ACCEPTING AN AGREEMENT DESIGNED TO SETTLE THE FINANCIAL DEBTS RELATING TO THE LICENCES.

WITH REGARD TO THE FIRST RENEWAL OF THE HISTORIC HORSERACING LICENCES, THE EUROPEAN COMMISSION, AFTER ISSUING A REASONED OPINION ON 16 OCTOBER 2002, ON 17 JUNE 2004 SUMMONED THE ITALIAN STATE BEFORE THE COURT OF JUSTICE FOR VIOLATION OF THE PRINCIPLES OF FREEDOM OF ESTABLISHMENT (ARTICLE 43 OF THE EC TREATY) AND FREEDOM TO PROVIDE SERVICES (ARTICLE 49 OF THE EC TREATY) BECAUSE THE FIRST RENEWAL OF THE 329 LICENCES TO OPERATE HORSERACING BETTING BUSINESSES IN FAVOUR OF THE SO-CALLED "HORSERACING AGENCIES" WAS EFFECTED WITHOUT ANY PUBLIC PROCEDURE. IF THE COURT OF JUSTICE ACCEPTS THE OBSERVATIONS FILED BY THE EUROPEAN COMMISSION, THOSE LICENCES COULD EXPIRE EARLIER. OF THE 329 CONTESTED LICENCES, THE RISK IN QUESTION RELATES TO THE 134 HISTORIC HORSERACING LICENCES CURRENTLY HELD BY THE COMPANY AND A FURTHER 106 HISTORIC HORSERACING LICENCES RELATING TO THIRD-PARTY SNAI POINTS. THESE CIRCUMSTANCES COULD HAVE A NEGATIVE EFFECT ON THE COMPANY'S PROSPECTS, DEVELOPMENT AND GROWTH. IT IS NOTED, HOWEVER, THAT THE LICENCES CURRENTLY HELD BY SNAI WERE PREVIOUSLY RENEWED WITHOUT ANY INTERRUPTION FOR MORE THAN 60 YEARS TO THE FORMER LICENCE-HOLDERS.

WITH REGARD TO THE ORDINARY HORSERACING AND SPORTS LICENCES, ALL OF WHICH EXPIRE ON 31 DECEMBER 2005, THE STANDARD AGREEMENTS PROVIDED THAT THEY COULD BE RENEWED FOR A FURTHER SIX YEARS.

THE DECREE OF THE DIRECTOR GENERAL OF THE AAMS OF 23 JUNE 2005 AND THE DECREE OF THE DIRECTOR GENERAL OF THE AAMS OF 22 NOVEMBER 2005 SET OUT THE PROCEDURE FOR THE RENEWAL OF THE SPORTS LICENCES AND THE ORDINARY HORSERACING LICENCES, RESPECTIVELY, BY ORIGINAL TERMS THAT HAVE NOT BEEN OBSERVED. WITH THE NOTE OF 22 DECEMBER 2005, THE AAMS ORDERED THE TEMPORARY CONTINUATION OF ACTIVITIES BY THE LICENSEES, HOWEVER. WHILE NOT BEING ABLE TO MAKE A FINAL ASSESSMENT, IT WAS THUS POSSIBLE TO CONSIDER THAT THE LICENCES FORMING THE SUBJECT OF THAT CONTINUATION ORDER HAD BEEN RENEWED. LATER, THE AAMS, IMPLEMENTING THE AFORESAID DECREES, BY DECREE OF THE DIRECTOR GENERAL OF 30 JUNE 2006, APPROVED THE STANDARD AGREEMENT UNDERLYING THE LICENCES TO OPERATE FIXED-RATE BETTING BUSINESSES ON SPORTS EVENTS OTHER THAN HORSERACING, AND ON NON-SPORTS EVENTS. BY DECREE OF 12 MAY 2006, ISSUED JOINTLY WITH THE MINISTRY OF AGRICULTURAL AND FORESTRY POLICIES, THE DIRECTOR GENERAL OF THE AAMS APPROVED THE STANDARD CONVENTIONS UNDERLYING THE LICENCES FOR THE SALE OF TOTALISER AND FIXED-RATE BETS ON HORSERACES. THE STANDARD AGREEMENTS SET OUT THE SPECIFIC TERMS AND CONDITIONS OF THE ECONOMIC AND FINANCIAL OBLIGATIONS AND RESPONSIBILITIES OF THE LICENSEE, THE GUARANTEES TO BE ISSUED, THE SUSPENSIONS, REVOCATION AND

EXPIRY REASONS FOR THE LICENCE, THE TREATMENT OF EMPLOYEES AND CASES OF TRANSFER OF THE LICENCE. WITH THE NOTE OF 22 JUNE 2006, THE AAMS ASKED SNAI TO DELIVER ALL THE DOCUMENTATION INTENDED FOR THE RENEWAL OF THE LICENCES. THE LICENCES PENDING RENEWAL ARE 218 SPORTS LICENCES AND 98 HORSERACING LICENCES. ON THE DATE OF THE PROSPECTUS, SNAI HAS SIGNED THE STANDARD CONVENTION AND IS AWAITING SIGNATURE BY THE AAMS. ALTHOUGH THE RENEWAL HAS NOT YET BEEN COMPLETED, THE COMPANY DOES NOT BELIEVE THAT ANY OBSTACLES EXIST TO THE ISSUE OF RENEWAL ORDERS FOR THE LICENCES IN QUESTION.

SNAI HAS NO EVIDENCE AS YET THAT THE LICENCE RENEWAL PROCEDURE HAS BEEN CONCLUDED WITH REGARD TO THOSE LICENCES HELD BY THIRD PARTIES FOR WHICH SNAI PROVIDES SERVICES. IT IS THOUGHT ADVISABLE, HOWEVER, TO POINT OUT THAT THE DEADLINE FIXED BY THE AAMS FOR THE DELIVERY OF THE DOCUMENTATION REQUIRED TO CONCLUDE THE RENEWAL PROCEDURE WAS 8 OCTOBER 2006.

WITH REGARD TO THESE THIRD PARTY LICENCES, WHILE NOT BEING ABLE TO MAKE A FINAL ASSESSMENT, ONE CAN CONSIDER, AS STATED, THAT THE ORDINARY HORSERACING LICENCES AND THE SPORTS LICENCES WERE RENEWED BASED ON THE STANDARD CONVENTION FORMING THE SUBJECT OF THE TEMPORARY CONTINUATION ORDER, PENDING STIPULATION OF NEW LICENCES.

THE LACK OF RENEWAL OF THOSE ORDINARY HORSERACING LICENCES AND THE SPORTS LICENCES, THE POSSIBLE NON-CONCLUSION OF THE RENEWAL PROCESS, THE REJECTION OF APPLICATIONS FOR RENEWAL, THE ADOPTION OF A POSSIBLE ORDER FOR THE REVOCATION, CANCELLATION OF THE LICENCES COULD HAVE A NEGATIVE EFFECT ON THE COMPANY'S DEVELOPMENT AND GROWTH PROSPECTS.

IT IS ALSO NOTED THAT THE EUROPEAN COMMISSION HAS FILED SEVERAL PROCEEDINGS AGAINST THE ITALIAN STATE FOR VIOLATION OF THE REGULATIONS ON GAMING AND BETTING THAT MIGHT RESULT IN AN INCREASE IN THE NUMBER OF RIVAL OPERATORS.

IN PARTICULAR, IN A LETTER OF DEFAULT DATED 26 JUNE 2006, THE COMMISSION ACCUSED THE ITALIAN STATE OF FAILING TO GIVE NOTICE OF LAW NO. 266 OF 23 DECEMBER 2005 (BUDGET FOR 2006) AND OF THE DECREE OF THE MINISTRY OF ECONOMIC AFFAIRS AND FINANCE OF 7 FEBRUARY 2006, CONTAINING PROVISIONS DESIGNED TO PENALISE ILLEGAL GAMING AND BETTING OFFERS MADE ON THE INTERNET BY UNAUTHORISED PERSONS AND TO BLOCK THOSE WEBSITES. A LETTER OF DEFAULT IS EXPECTED FROM THE COMMISSION TO THE ITALIAN GOVERNMENT ON THE INCOMPATIBILITY OF THOSE REGULATIONS, SPECIFICALLY WITH THE COMMUNITY REGULATIONS ON FREEDOM OF ESTABLISHMENT (ARTICLE 43 OF THE EC TREATY) AND ON FREEDOM TO PROVIDE SERVICES (ARTICLE 49 OF THE EC TREATY). IF THE PROCEEDINGS ARE CONCLUDED FAVOURABLY FOR THE COMMISSION, THE ITALIAN AUTHORITIES WOULD BE REQUIRED TO CHANGE THE REGULATIONS AND, CONSEQUENTLY, TO REVOKE/CANCEL THE ORDERS BLOCKING WEBSITES. MOREOVER, WITH A LETTER OF DEFAULT DATED 4 APRIL 2006, THE EUROPEAN COMMISSION ACCUSED THE ITALIAN GOVERNMENT OF THE INCOMPATIBILITY OF ARTICLE 4 PARAGRAPHS 1, 2, 3, 4, 4-BIS AND 4-TER OF LAW NO. 401 OF 13 DECEMBER 1989 WITH THE COMMUNITY

REGULATIONS ON THE FREEDOM TO PROVIDE SERVICES (ARTICLE 49 OF THE EC TREATY). THE AFORESAID PROVISIONS OF LAW NO. 401 REGULATE GAMING AND BETTING ACTIVITIES IN ITALY, PROHIBITING THE ORGANISATION AND PROMOTION THEREOF BY PERSONS OTHER THAN THOSE AUTHORISED TO CONDUCT SUCH BUSINESS BY LAW. A POSSIBLE JUDGMENT THAT LAW NO. 401 VIOLATES COMMUNITY LAW WOULD GIVE RISE TO THE ITALIAN AUTHORITIES' OBLIGATION TO REMOVE/CHANGE THE SYSTEM. FINALLY, ON 8 JULY 2004, THE COURT OF LARINO FILED A PRELIMINARY QUESTION BEFORE THE COURT OF JUSTICE SEEKING TO ASCERTAIN COMPLIANCE WITH ARTICLE 4 PARAGRAPH 4 *BIS* OF LAW NO. 401 OF 13 DECEMBER 1989 (WHICH RESERVES TO THE STATE ALSO THE ACTIVITY OF INTERMEDIATION FOR BET COLLECTION AGENCIES) WITH COMMUNITY PRINCIPLES OF FREEDOM OF ESTABLISHMENT (ARTICLE 43 OF THE EC TREATY) AND FREEDOM TO PROVIDE SERVICES (ARTICLE 49 OF THE EC TREATY). IF THE JUDGMENT OF THE COURT OF JUSTICE DECIDES THAT THE AFORESAID NATIONAL REGULATIONS ARE INCOMPATIBLE WITH COMMUNITY LAW, THE RESTRICTIONS UNDER ITALIAN PENAL LAW ON THE ELECTRONIC COLLECTION OF BETS WOULD CEASE TO APPLY TO PERSONS ESTABLISHED IN OTHER MEMBER STATES HOLDING LICENCES ISSUED BY THE AUTHORITIES OF THE OTHER MEMBER STATE ON THE BASIS OF CRITERIA COMPARABLE WITH THOSE ISSUED IN ITALY.

THE DEVELOPMENTS OF THOSE PROCEEDINGS ARE NOT FORESEEABLE AT THE MOMENT AND THE POSSIBILITY OF ADDITIONAL LIBERALIZATION OF THE GAMING MARKET CANNOT BE EXCLUDED, WITH THE RESULTING INCREASE IN THE NUMBER OF RIVAL OPERATORS. THIS LIBERALIZATION COULD HAVE NEGATIVE EFFECTS ON THE COMPANY'S PROFITABILITY.

B.II. RISKS CONNECTED WITH RECENT CHANGES IN THE REGULATORY FRAMEWORK

ON 4 AUGUST 2006, LAW 248 CONVERTED THE BERSANI DECREE INTO LAW, WHEREBY VARIOUS MEASURES WERE ADOPTED TO LIBERALISE THE GAMING AND BETTING MARKET IN PARTICULAR, OPPOSE THE SPREADING OF ILLEGAL GAMING, TAX EVASION AND FRAUD IN THE GAMING AND BETTING SECTOR, AS WELL AS TO PROTECT THE BETTOR.

THE BERSANI DECREE LAID DOWN A PROCEDURE FOR THE AWARD OF 16,300 NEW LICENCES, BY THE ACTIVATION AND RELATIVE OPERATION OF THE DISTRIBUTION NETWORKS. THE TENDERS RELATED IN PARTICULAR TO THE ASSIGNMENT OF RIGHTS TO OPEN BETTING SHOPS AND BETTING POINTS AND TO ACTIVATE REMOTE GAMING NETWORKS; THE PROCEDURE IS OPEN TO ALL ITALIAN AND COMMUNITY OPERATORS IN THE BET COLLECTION BUSINESS (SATISFYING SEVERAL FINANCIAL AND TECHNICAL REQUIREMENTS). THE DEADLINE FOR PARTICIPATING IN SUCH TENDERS WAS FIXED AT 20 OCTOBER 2006. THE COMPANY FILED ITS BIDS ON THAT DATE.

ON THE DATE OF THIS PROSPECTUS, THE OUTCOME OF THE AWARD IS STILL UNKNOWN. CONSEQUENTLY, THE COMPANY IS UNABLE TO INDICATE THE RELATIVE NUMBER, TYPE OR TERRITORIAL LOCATION OF THE LICENCES THAT IT MAY BE AWARDED AND CONSEQUENTLY, THE AMOUNT OF THE RELATIVE OVERALL INVESTMENT.

THE BERSANI DECREE ALSO PROVIDED THAT NO CANDIDATE MAY BE AWARDED A NUMBER OF LICENCES FOR EACH HORSERACING BETTING SHOPS HORSERACING BETTING POINTS THAT EXCEEDS 20% OF ALL LICENCES AWARDED FOR HORSERACING BETTING SHOPS AND HORSERACING BETTING POINTS, RESPECTIVELY, OR A NUMBER LICENCES FOR SPORTS BETTING POINTS THAT EXCEEDS 40% OF ALL LICENCES AWARDED FOR SPORT BETTING POINTS. THE COMPANY HAS SUBMITTED BIDS IN ORDER TO OBTAIN A NUMBER OF LICENCES EQUAL TO THE MAXIMUM NUMBER THAT IT IS ELIGIBLE TO OBTAIN UNDER THESE PROVISIONS.

THE POSSIBLE AWARD OF NEW LICENCES IN THE COMPANY'S FAVOUR WILL INVOLVE AN EXPANSION OF THE GROUP'S BUSINESS; HOWEVER, THE LIBERALIZATION OF THE SECTOR TO WHICH THE BERSANI DECREE RELATES COULD GIVE RISE TO AN INCREASE IN THE NUMBER OF COMPETITORS (WITH THE POSSIBLE ENTRY OF FOREIGN ENTITIES INTO THE SECTOR).

IT IS NOT POSSIBLE TO ASSURE THAT, AS A RESULT OF THE TENDERS, SNAI WILL ACQUIRE A SUFFICIENT NUMBER OF LICENCES TO MAINTAIN ITS CURRENT COMPETITIVE POSITIONING IN TERMS OF VOLUME OF BUSINESS, WHICH MAY GIVE RISE TO A LOSS OF BUSINESS AND PROFITABILITY FOR THE GROUP.

IF THE RIGHTS ARE AWARDED IN A SPECIFIC MUNICIPALITY OR PROVINCE, THE COMPANY SHOULD ENSURE THAT THE COLLECTION BUSINESS IS CONDUCTED THROUGH THE NEW BETTING SHOPS OR BETTING POINTS, ENSURING THEY SET-UP IN THE APPROPRIATE PLACES. ONE CANNOT BE SURE THAT, THE COMPANY WILL ALWAYS BE ABLE TO DULY OBTAIN SUITABLE PREMISES IN EACH MUNICIPALITY OR PROVINCE. NOR IS IT POSSIBLE TO RULE OUT THE POSSIBILITY THAT COMPETITORS WHO ARE AWARDED RIGHTS IN THE SAME MUNICIPALITY OR PROVINCE MAY OBTAIN BETTER PREMISES THAN THE SNAI GROUP'S.

THE PREPARATION OF THE PREMISES FOR THE NEW BETTING SHOPS OR BETTING POINTS WILL INVOLVE NEW INVESTMENTS, WHICH MAY GIVE RISE TO CHANGES IN THE FEE PROVIDED FOR UNDER THE MANAGEMENT AGREEMENTS. COMPANY MIGHT NOT ALWAYS BE ABLE TO NEGOTIATE SUCCESSFULLY A CHANGE IN THE RELATED FORMULA.

ON 4 OCTOBER 2006, FOUR APPEALS WERE FILED BEFORE THE LAZIO REGIONAL ADMINISTRATIVE COURT (SEC. II, APPEALS NOS. 8861, 8862, 8863 AND 8864 OF 2006), SEEKING THE ANNULMENT OF THE INVITATIONS TO TENDER DESCRIBED ABOVE. IN PARTICULAR, THE APPELLANTS CONTESTED (I) THE ADOPTION OF THE TENDERS IN ABSENCE OF THE REGULATIONS REQUIRED UNDER ARTICLE 38 OF DECREE LAW 223/2006, (II) THE LACK OF PROCEDURES FOR THE PROTECTION PRE-EXISTING LICENCE-HOLDERS AND (III) SEVERAL SPECIFIC CLAUSES CONTAINED IN THE GENERAL CONDITIONS AND IN THE DRAFT STANDARD CONVENTIONS ATTACHED TO THE TENDERS MAKING SUCH DRAFTS MORE FAVOURABLE OVERALL THAN THOSE SET FOR RENEWAL OF EXISTING LICENCES WITH ORDERS DATED 11 OCTOBER 2006 (NOS. 5615, 5616, 5617 AND 5618), THE REGIONAL ADMINISTRATIVE COURT DENIED PETITIONS FILED BY THE APPELLANTS SEEKING PROTECTIVE MEASURES.

FOR FURTHER INFORMATION, SEE SECTION ONE, CHAPTER VI, PARAGRAPH 6.1.1. b) AND SECTION ONE, CHAPTER XX, PARAGRAPH 20. 8, ON ADMINISTRATIVE PROCEEDINGS.

B.III. RISKS RELATING TO FUTURE CHANGES IN THE REGULATORY FRAMEWORK

THE REGULATORY FRAMEWORK GOVERNING SNAI'S BUSINESS HAS UNDERGONE SIGNIFICANT CHANGES IN RECENT YEARS. IN THIS CONTEXT, FUTURE LEGISLATIVE AND REGULATORY CHANGES COULD AFFECT THE BUSINESS OF THE SNAI GROUP AND THE RELATIVE RESULTS.

IN PARTICULAR, BECAUSE IT IS IMPOSSIBLE TO FORESEE WHETHER THE CURRENT REGULATORY FRAMEWORK WILL BE MAINTAINED IN THE FUTURE, SNAI MIGHT HAVE TO CHANGE THE ORGANISATIONAL STRUCTURE WHICH WOULD REDUCE THE GROUP'S OPERATING INCOME. A POSSIBLE CHANGE IN THE REGULATIONS LICENCES COULD ALSO CONSIDERABLY AFFECT THE BUSINESS OF THE SNAI GROUP, AS A POSSIBLE INTRODUCTION OF QUANTITATIVE RESTRICTIONS ON THE NUMBER OF LICENCES OR ON THE NUMBER OF AGENCIES DIRECTLY OR INDIRECTLY ATTRIBUTABLE TO A SINGLE ENTITY WOULD NECESSARILY REQUIRE TO A SUBSTANTIAL CHANGE IN THE GROUP'S ORGANISATIONAL STRUCTURE AND ITS OPERATIONS.

FINALLY, A CHANGE IN THE FISCAL AND TAX POLICY ON GAMING AND BETTING COULD HAVE A NEGATIVE EFFECT ON THE COMPANY'S BUSINESS IF SUCH A CHANGE AFFECTED THE PROFIT MARGINS RESERVED FOR LICENSEES.

B.IV. RISKS CONNECTED WITH THE BETTING AND GAMING MARKET

THE BETTING SECTOR IS, BY NATURE, AFFECTED BY THE PRESENCE OF EVENTS ON WHICH BETS ARE PLACED AND, CONSEQUENTLY, A REDUCTION IN HORSERACING DAYS AND IN THE NUMBER OF RACES AND A REDUCTION IN EVENTS ON WHICH SPORTS BETS ARE USUALLY PLACED COULD RESULT IN A CONTRACTION OF THE MARKET.

THE GAMING AND BETTING MARKET IS ALSO SENSITIVE TO THE GAMBLERS' PROPENSITY TO BET ON SPECIFIC TYPES OF EVENTS. CONSEQUENTLY, IF SOME OF THE EVENTS CONSTITUTING THE CURRENT BETTING SCENE BECAME LESS POPULAR AMONG THE PUBLIC, AND WERE NOT PROMPTLY REPLACED BY OTHER EVENTS WITH SIMILAR APPEAL, THE COMPANY'S OPERATIONS MAY BE AFFECTED.

B.V. RISKS DERIVING FROM ILLEGAL GAMING

A THREAT TO THE GROWTH OF THE GAMING AND BETTING SECTOR IS THE POTENTIAL INCREASE OF ILLEGAL ACTIVITIES, SUCH AS CLANDESTINE BETTING AND, MORE GENERALLY, ANY OTHER FORM OF BETTING THAT IS NOT COVERED BY THE LAW, WHICH COULD SUBTRACT VOLUME OF BUSINESS FROM REGULATED SECTOR. MEASURES HAVE BEEN INCREASED TO PREVENT THIS SUCH AS: (I) SETTING UP SPECIALIST SECTORS WITHIN THE POLICE TO IDENTIFY, COMBAT AND RESTRICT ILLEGAL GAMING AND BETTING; (II) GRADUALLY BLOCKING WEBSITES DEDICATED TO ILLEGAL BETTING, PURSUANT TO THE PROVISIONS ISSUED BY THE AAMS IMPLEMENTING THE ITALIAN BUDGET FOR 2006 (LAW NO. 266 OF 23 DECEMBER 2005); (III) SUBSTANTIAL VOLUMES OF BETTING FROM SLOT

MACHINES WHICH, FOLLOWING THE REGULATION OF SUCH MACHINES, HAVE BEEN ACQUIRED FROM THE POTENTIALLY ILLEGAL GAMING VOLUMES; (IV) THE MEASURES AGAINST ILLEGAL BETTING UNDER THE BERSANI DECREE DESCRIBED IN GREATER DETAIL IN CHAPTER VI, PARAGRAPH 6.1.1. B).

C. RISK FACTORS RELATING TO THE FINANCIAL INSTRUMENTS FORMING THE SUBJECT OF THE OFFERING

C.I. RISKS RELATING TO THE LIQUIDITY OF THE FINANCIAL INSTRUMENTS OFFERED

THE SHARES FORMING THE SUBJECT OF THE OFFERING DESCRIBED IN THIS PROSPECTUS PRESENT THE RISK ELEMENTS SPECIFIC TO AN INVESTMENT IN LISTED SHARES OF THE SAME NATURE. SHAREHOLDERS CAN SELL THEIR INVESTMENT BY OFFERING THEIR SHARES FOR SALE ON THE MTA. LIQUIDITY OF THE SHARES IS NOT GUARANTEED, IRRESPECTIVE OF THE COMPANY AND THE AMOUNT OF THE SHARES, AS REQUESTS FOR SALE MAY NOT FIND SUITABLE AND TIMELY COUNTERPARTS.

THE MARKET PRICE OF THE SHARES COULD BE SUBJECT TO SIGNIFICANT FLUCTUATIONS DEPENDING ON VARIOUS FACTORS AND EVENTS SUCH AS: LIQUIDITY OF THE STOCK MARKET, DIFFERENCES IN ACTUAL OPERATING AND FINANCIAL RESULTS IN RELATION TO THOSE FORECAST BY THE INVESTORS AND ANALYSTS, CHANGES IN THE FORECASTS AND RECOMMENDATIONS MADE BY ANALYSTS, CHANGES IN THE GENERAL ECONOMIC SITUATION OR IN THE MARKET CONDITIONS AND SIGNIFICANT MARKET FLUCTUATIONS. MOREOVER, SINCE THE TRADING PRICE OF THE OPTION RIGHTS IS CLOSELY CONNECTED WITH THE MARKET PRICE OF THE SHARES, IT COULD BE SUBJECT TO SIGNIFICANT FLUCTUATIONS, DUE TO THE FLUCTUATIONS IN THE SHARE PRICES. IN FACT, A SIGNIFICANT REDUCTION IN THE PRICE OF THE SHARES COULD HAVE A NEGATIVE IMPACT ON THE VALUE OF THE OPTION RIGHTS.

MOREOVER, WITHIN THE FRAMEWORK OF THE OFFERING, SOME COMPANY SHAREHOLDERS MAY DECIDE NOT TO EXERCISE THEIR OPTION RIGHTS AND SELL THEM ON THE MARKET. THIS COULD HAVE A NEGATIVE EFFECT ON THE MARKET PRICE OF THE OPTION RIGHTS OR SHARES.

C.II. RISKS CONNECTED WITH POSSIBLE EFFECTS OF A DILUTION OF THE INCREASE IN CAPITAL

BECAUSE THE SHARES RESULTING FROM CAPITAL INCREASE WILL BE OFFERED IN OPTION TO THE CURRENT SHAREHOLDERS, THERE SHOULD BE NO DILUTORY EFFECTS IN TERMS OF SHARES OF INVESTMENT IN THE SHARE CAPITAL FOR SHAREHOLDERS DECIDING TO SUBSCRIBE FOR ALL SHARES ATTRIBUTABLE TO THEM VIA OPTION RIGHTS.

HOWEVER, ANY SHAREHOLDERS WHO DECIDE NOT TO EXERCISE OR TO PARTIALLY EXERCISE THE OPTION RIGHTS, THE INCREASE IN CAPITAL WILL HAVE DILUTORY EFFECTS IN TERMS OF THE PERCENTAGE OF INVESTMENT HELD BY THOSE SHAREHOLDERS. IN PARTICULAR, IF THE OPTION RIGHT IS NOT EXERCISED, THE CURRENT SHAREHOLDERS WILL UNDERGO A DILUTION OF THEIR OWN INVESTMENT, IN TERMS OF PERCENTAGE OF

THE SHARE CAPITAL RESULTING FROM THE FULL IMPLEMENTATION OF THE SHARE CAPITAL, EQUAL TO A MAXIMUM OF 47.17%.

FOR FURTHER INFORMATION, SEE SECTION TWO, CHAPTER XXXIII OF THIS PROSPECTUS.

C.III. SUBSCRIPTION UNDERTAKINGS

IN ORDER TO GUARANTEE THE SUCCESSFUL OUTCOME OF THE CAPITAL INCREASE, ON 30 NOVEMBER 2006 THE COMPANY ON THE ONE PART AND UBM ON THE OTHER SIGNED A SUBSCRIPTION UNDERTAKING AGREEMENT WHEREBY UBM UNDERTOOK TO SUBSCRIBE FOR A NUMBER OF SHARES EQUAL TO THE NUMBER OF SHARES ATTRIBUTABLE UNDER ANY OPTION RIGHTS THAT ARE NOT EXERCISED AFTER THE OFFERING AND THE STOCK EXCHANGE OFFERING, NET OF THE SHARES FORMING THE SUBJECT OF THE UNDERTAKINGS ASSUMED BY SNAI SERVIZI (AS INDICATED BELOW) (THE “MAXIMUM RISK”). UBM’S UNDERTAKING IS SUBJECT TO THE SATISFACTION OF CERTAIN CONDITIONS, AS CUSTOMARY FOR TRANSACTIONS OF THIS KIND, AND WILL CEASE TO APPLY UPON THE OCCURRENCE OF EVENTS OR CIRCUMSTANCES SUBSTANTIALLY PREJUDICIAL TO THE GROUP OR TO THE MARKET, OR IF THE COMPANY’S REPRESENTATIONS AND WARRANTIES ARE NOT TRUTHFUL OR ACCURATE.

BY MEANS OF A SUPPLEMENTARY NOTICE, TO BE PUBLISHED IN AT LEAST ONE NATIONAL DAILY PAPER AND A SUITABLE PRESS RELEASE CIRCULATED PURSUANT TO ARTICLE 66 OF THE CONSOB REGULATIONS, THE INFORMATION ON THE SHARES OF ANY UNEXERCISED OPTION RIGHTS AFTER THE STOCK EXCHANGE OFFERING, FOR WHICH UBM HAS UNDERTAKEN TO SUBSCRIBE FOR THE RELEVANT NEWLY-ISSUED SHARES, WILL BE MADE PUBLIC.

SNAI SERVIZI HAS UNDERTAKEN TO SUBSCRIBE FOR ALL THE SHARES ATTRIBUTABLE TO IT IN OPTION AS A RESULT OF THE CAPITAL INCREASE, IN PROPORTION TO ITS OWNERSHIP IN THE COMPANY’S SHARE CAPITAL.

C.IV. RISKS RELATING TO THE OFFERING MARKETS

THE OFFERING FORMING THE SUBJECT OF THIS PROSPECTUS IS MADE IN ITALY AND ALL SHAREHOLDERS HOLDING ORDINARY SHARES IN SNAI, INDIFFERENTLY AND UNDER EQUAL CONDITIONS ARE ELIGIBLE.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFERING OF FINANCIAL INSTRUMENTS IN THE UNITED STATES OR IN ANY OTHER COUNTRY IN WHICH SUCH AN OFFERING IS NOT PERMITTED IN THE ABSENCE OF AUTHORISATIONS ISSUED BY THE COMPETENT AUTHORITIES (HEREINAFTER THE “OTHER COUNTRIES”). NO FINANCIAL INSTRUMENT MAY BE OFFERED OR TRADED IN THE UNITED STATES OR IN THE OTHER COUNTRIES IN THE ABSENCE OF SPECIFIC AUTHORISATION PURSUANT TO THE LEGAL PROVISIONS APPLICABLE IN EACH OF THOSE COUNTRIES OR OF DEPARTURE FROM THOSE PROVISIONS. THE SNAI SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED IN THE UNITED STATES PURSUANT TO THE SECURITIES ACT 1933 AS AMENDED, OR PURSUANT TO THE CORRESPONDING CURRENT REGULATIONS IN OTHER COUNTRIES AND MAY NOT CONSEQUENTLY BE OFFERED OR HOWSOEVER DELIVERED, EITHER DIRECTLY OR

INDIRECTLY, IN THE UNITED STATES OR IN THE OTHER COUNTRIES. SHAREHOLDERS WHO ARE NOT RESIDENT IN ITALY MAY BE PREVENTED FROM SELLING THEIR OPTION RIGHTS TO THE SHARES AND/OR FROM EXERCISING SUCH RIGHTS PURSUANT TO THE FOREIGN REGULATIONS APPLICABLE TO THEM. SHAREHOLDERS ARE THEREFORE ADVISED TO REQUEST SPECIFIC OPINIONS ON THE SUBJECT BEFORE UNDERTAKING ANY ACTION.

FOR FURTHER INFORMATION, SEE SECTION TWO, CHAPTER XXIX, PARAGRAPH 29.1.2 OF THIS PROSPECTUS.

C.V. RISKS CONNECTED WITH RELATIONS WITH COMPANIES BELONGING TO THE GROUP TO WHICH UBM BELONGS.

ON 30 NOVEMBER 2006, THE COMPANY SIGNED A SUBSCRIPTION UNDERTAKING AGREEMENT WITH UBM. PURSUANT TO THAT AGREEMENT AND SUBJECT TO THE SATISFACTION OF CERTAIN CONDITIONS, UBM UNDERTOOK TO GUARANTEE THE SUCCESSFUL OUTCOME OF THE CAPITAL INCREASE FOR A SHARE EQUAL TO THE MAXIMUM RISK. UBM IS PART OF GRUPPO BANCARIO UNICREDITO ITALIANO, LED BY UBI, UBI HAS: (I) PERFORMED THE ROLE OF LEAD LENDER IN THE CONTEXT OF SENIOR LOAN AGREEMENT; (II) HAS ISSUED A GUARANTEE FACILITY IN FAVOUR OF SNAI FOR A MAXIMUM AMOUNT OF EUR 140 MILLION, INCLUDING EUR 35 MILLION BY WAY OF SHORT-TERM GUARANTEES WITH A MAXIMUM TERM OF 6 MONTHS AND EUR 105 MILLION BY WAY OF LONG-TERM GUARANTEES WITH A MAXIMUM TERM OF 10 YEARS, TO BE USED TO PARTICIPATE IN THE TENDERS; (III) HAS UNDERTAKEN TO PROVIDE SNAI SERVIZI WITH A LOAN OF MAXIMUM EUR 105 TO SUBSCRIBE FOR THE SHARES TO WHICH IT IS ENTITLED WITHIN THE CONTEXT OF THE CAPITAL INCREASE.

SECTION ONE – INFORMATION ABOUT THE ISSUER

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I. PERSONS RESPONSIBLE

1.1 Information on the persons responsible for the Prospectus.

This Prospectus has been prepared by SNAI, a joint-stock company incorporated under Italian law, having its registered office at Via L. Boccherini n. 39, Porcari (Lucca), as issuer of the Shares. The Company assumes responsibility for this Prospectus.

1.2 Declaration of responsibility

SNAI declares that, having taken all reasonable diligence in preparing the Prospectus, to the best of its knowledge the information contained in it is true and there are no omissions such as to alter the meaning thereof.

SNAI S.p.A.

Dr Maurizio Ughi
Chairman of the Board of Directors
and legal representative

Dr Francesco Lerro
Chairman of the Board of Statutory
Auditors

II. INDEPENDENT AUDITORS

2.1 Auditing firm

The auditing firm KPMG S.p.A., having its registered office at Via Vittor Pisani n. 25, Milan, entered in the relevant register kept by the Ministry of Justice, has made a full audit of the Company's stand-alone and consolidated financial statements for the years ended 31 December 2003, 31 December 2004 and 31 December 2005 and for the six months ended 30 June 2006. The aforesaid auditing firm has issued its opinion and reports for those same periods, without qualification.

On 3 May 2004, pursuant to Article 159 of the Consolidated Finance Act, the general meeting of the SNAI shareholders re-appointed KPMG S.p.A. as the Company independent auditors for the 2004-2006 three-year period.

III. SELECTED FINANCIAL INFORMATION

3.1 Financial information relating to the years ended 31 December 2005, 2004 and 2003

Selected financial information on the Company is provided below, taken from the consolidated financial statements relating to the years ended 31 December 2005, 2004 and 2003.

With regard to the accounting standards used to prepare the financial statements, the Company adopted the IFRS to prepare the consolidated financial statements as at 31 December 2005.

It should be pointed out, however, that, as indicated in the audit report issued by firm KPMG S.p.A. for the Company on 28 April 2006 pursuant to Article 156 of the Consolidated Finance Act, the Company opted to prepare its stand-alone financial statements as at 31 December 2005 according to the Italian accounting standards, as permitted by the current regulations. The Company directors indicated that the first financial statement prepared according to the IFRS, on whose basis the consolidated financial statements of the SNAI Group for the year ended 31 December 2005 were prepared, however, will be that relating to the current year, ending 31 December 2006. Chapter XX, Paragraph 20.1, of this Prospectus gives details of the audited annual consolidated financial information the years ended 31 December 2005, 31 December 2004 and 31 December 2003, respectively.

The following information from the consolidated profit and loss account and balance sheet, relates to the financial statements for the year ended 31 December 2005 and prepared according to the IFRS international accounting standards, shown for the purposes of comparison with the information for the year ended 31 December 2004, shown both in the IFRS version and in that prepared according to the Italian accounting standards, and with the information as at 31 December 2003, solely in the version according to the Italian accounting standards.

Accounting standards (in thousands of euro)	IAS/IFRS		Italian GAAP	
	31.12.05	31.12.04	31.12.04	31.12.03
Sales and service revenues	80,229	69,267	69,433	68,156
EBITDA (Gross Operating Margin)	18,214	21,472	23,828	20,808
EBIT (Net Operating Margin)	9,315	13,734	11,093	7,780
Earnings before tax	7,124	11,150	7,876	-
Net Group earnings	10,385	9,791	7,681	8,472
Earnings/Loss per share ⁽¹⁾	0.19	0.18	0.14	0.15

⁽¹⁾ This figure relates to the profit attributable to the Group in which the Company is the main operating and financial coordination company.

Accounting standards (in thousands of euro)	IAS/IFRS		Italian	
	31.12.05	31.12.04	31.12.04	31.12.03
INVESTMENTS				
Net working capital	-2,572	-9,975	-4,760	-5,859
Total fixed assets (including investments)	141,202	143,192	91,579	98,721
Non-current assets /over 12 months	11,903	7,000	465	270
Long-term liabilities	-32,470	-30,610	-11,156	-13,355
Net capital invested	118,063	109,607	76,128	79,777
SOURCES				
Net financial position	-32,643	-34,539	-29,417	-40,706
Equity	85,420	75,068	46,711	39,071
Total sources of financing	-118,063	-109,607	-76,128	-79,777
Net equity per share	1.53	1.34	0.84	0.70

Accounting standards <i>(in thousands of euro)</i>	IAS/IFRS		Italian	
	31.12.05	31.12.04	31.12.04	31.12.03
Cash and cash equivalents	10,131	13,840	13,986	7,331
Securities	1	146	146	1
Current financial receivables	3,278	3,200	3,055	4,819
Debts owed to banks and short-term share of long-term debts	-8,748	-6,317	-6,317	-6,325
Other current financial payables	-1,391	-990	-45	-637
Net short-term financial position	3,271	9,879	10,825	5,189
Financial assets held to maturity	145	145	145	145
Long-term loans	-32,864	-40,387	-40,387	-46,040
Other non-current accounts payable	-3,195	-4,176		
Net medium/long-term financial position	-35,914	-44,418	-40,242	-45,895
Net financial position	-32,643	-34,539	-29,417	-40,706

3.2 Interim financial information

The table below provides selected and consolidated interim financial information relating (i) to the first nine months of 2006, compared with the first nine months of 2005, and (ii) to the first six months of 2006, compared with the first six months of 2005.

Accounting standards <i>(in thousands of euro)</i>	IAS/IFRS			
	30.09.06	30.09.05	30.06.06	30.06.05
Sales and service revenues	399,037	57,609	236,382	39,009
EBITDA (Gross Operating Margin)	38,987	14,087	22,180	9,099
EBIT (Net Operating Margin)	16,780	7,502	9,561	4,656
Earnings for the period before tax	-1,928	5,836	-76	3,540
Net Group earnings	-3,455	4,530	2,204	3,660
Earnings/Loss per share	-0.06	0.08	- 0.04	0.07

Accounting standards <i>(in thousands of euro)</i>	IAS/IFRS			
	30.09.06	30.09.05	30.06.06	30.06.05
INVESTMENTS				
Net working capital	-22,956	1,082	-21,169	-8,960
Total fixed assets (including investments)	507,481	141,388	516,225	141,957
Non-current assets /over 12 months	10,684	8,266	11,880	9,116
Long-term liabilities	-144,074	-31,826	-149,081	-31,595
Net capital invested	351,135	118,910	357,855	110,518
SOURCES				
Net financial position	-269,527	-39,377	-274,463	-31,826
Equity	81,608	79,533	83,392	78,692
Total sources of financing	-351,135	-118,910	-357,855	-110,518
Net equity per share	1.46	1.42	1.49	1.40

Accounting standards (in thousands of euro)	IAS/IFRS			
	30.09.06	30.09.05	30.06.06	30.06.05
Cash and cash equivalents	30,247	6,596	23,406	13,534
Securities	1	1	1	146
Current financial receivables	5,045	2,955	3,747	3,076
Debts owed to banks and short-term share of long-term debts	-15,769	-8,145	-5	-7,546
Other current financial payables	-5,448	-1,035	-5,647	-1,041
Net short-term financial position	14,076	372	21,502	8,169
Financial assets held to maturity	145	145	145	145
Long-term loans	-240,643	-36,546	-293,502	-36,546
Other non-current accounts payable	-43,105	-3,348	-2,608	-3,594
Net medium/long-term financial position	-283,603	-39,749	-295,965	-39,995
Net financial position	-269,527	-39,377	-274,463	-31,826

The conclusion of the Acquisition, described in greater detail in Chapter V, Paragraph 5.1.5 a), has enabled SNAI to obtain title to Licences, to be operated alongside the service provider activities provided for the SNAI Points. The results of the first six months of 2006 are therefore strongly affected by this new business.

The following table provides selected consolidated and pro-forma financial information as at 30 June 2006 and 31 December 2005.

Accounting standards (in thousands of euro)	IAS/IFRS	
	Pro-forma 30.06.2006	Pro-forma 31.12.2005
Sales and service revenues	369,580	583,739
EBITDA (Gross margin)	36,048	62,098
EBIT (Net operating margin)	17,593	24,411
Earnings before tax	249	-11,773
Net group earnings	2,328	2,985
Earnings/Loss per share ⁽¹⁾	-0.04	-0.05

⁽¹⁾ The figure refers to the share of the profit attributable to the Group in which the Company is the main operating and financial coordinator company.

Accounting standards (in thousands of euro)	IAS/IFRS	
	Pro-forma 30.06.2006 ^(*)	Pro-forma 31.12.2005
INVESTMENTS		
Net working capital	-21,169	-1,660
Total fixed assets (including investments)	516,225	527,361
Non-current assets /over 12 months	11,880	11,903
Long-term liabilities	-149,081	-175,851
Net capital invested	357,855	361,753
SOURCES		
Net financial position	-274,463	-276,333
Equity	83,392	85,420
Total sources of financing	-357,855	-361,753
Net equity per share	1.49	1.40

^(*) The balance sheet and financial figures are final figures since, as at 30 June 2006, the balance sheet already contains the effects of the Acquisition of the Business Units.

Accounting standards <i>(in thousands of euro)</i>	IAS/IFRS	
	Proforma 30.06.2006 ^(*)	Proforma 31.12.2005
Cash and cash equivalents	23,406	18,501
Securities	1	1
Current financial receivables	3,747	3,278
Debts owed to banks and short-term share of long-term debts	-5	-1,048
Other current financial payables	-5,647	-1,391
Net short-term financial position	21,502	19,341
Financial assets held to maturity	145	145
Long-term loans	-293,502	-292,624
Other non-current accounts payable	-2,608	-3,195
Net medium/long-term financial position	-295,965	-295,674
Net financial position	-274,463	-276,333

^(*) The balance sheet and financial figures are final figures since, as at 30 June 2006, the balance sheet already contains the effects of the Acquisition of the Business Units.

IV. RISK FACTORS RELATING TO THE ISSUER

See the Section “Risk factors” with regard to the risk factors relating to the Company and to the SNAI Group.

V. INFORMATION ABOUT THE ISSUER

5.1 History and development of the Company

5.1.1 Legal and commercial name of the Company

The Company is called “SNAI S.p.A.”

5.1.2 Tax code and entry number in the Companies Register

The Company is registered in the Lucca Companies Register under no. 00754850154.

5.1.3 Date of formation and duration of the Company

The Company was incorporated on 7 November 1906, with a deed by Notary Dr Gerolamo Serina, under the name Società Anonima Ippodromi Trenno. Following a resolution by the extraordinary general meeting on 18 February 1999, the Company changed its name to SNAI S.p.A.

The Company’s duration is until 31 December 2100.

5.1.4 Registered office, legal form and legislation on the basis of which the Company operates

The Company is a joint-stock company incorporated under Italian law (S.p.A.), set up in Italy and having its registered office at Via L. Boccherini n. 39, Porcari (Lucca), telephone number +39 – 0583 – 2811.

5.1.5 Important Facts in the Development of the Company’s Business

5.1.5 a) Development of the Company’s Business

History

The Company was established in November 1906 under the name Società Anonima Ippodromi Trenno, with the corporate purpose of organising and developing horseracing activities. In the years following its inception, the Company extended its activities to include the building of racecourses (San Siro and Montecatini), stables and training facilities across Italy for trot and gallop races.

In 1973, the Company’s shares were listed on the Milan Stock Exchange. Over ten years starting from 1986, the Company was controlled first by the Montedison Group (later Ferruzzi) and then by S. Siro, a fully-owned subsidiary of SNAI Servizi, which held 92.07% of the Company’s share capital as a result of its acquisition of controlling interest at auction and the remainder in the take-over bid launched in January 1997. Once it gained control, S. Siro focused the Company’s strategy and development plans on horseracing and bet collecting operations.

In July 1997, in the context of a complex restructuring plan, the Company’s business activities were extended to include the provision of management, coordination and supervisory services for the central electronic system for the collection of bets taken by Italian bookmakers and paid into the UNIRE, the national totaliser. In implementation of the restructuring plan: (i) SNAI Servizi transferred its own branch of activities to SNAI Servizio Spazio Giochi; (ii) SNAI Servizi transferred a 90% shareholding in SNAI Servizi Spazio Giochi to S. Siro; and (iii) the controlling company S. Siro (which held 58.1% of the Company’s share capital) was merged into the Company.

At the time, the Company's core business consisted in the provision of electronic services for bet collecting at the racecourse totaliser, and in the management of racecourses, training centres, and the race organisation. Both activities were conducted on the basis of agreements entered into with the UNIRE.

A public offering was launched in July 1998 with a view to finance the Company's investment plan, strengthen its equity and prepay a medium-term debt contracted by the Company. The offering, which was also designed to build up an adequate float to trade the Company's shares, was restricted to Italian professional investors and involved 21,565,172 ordinary shares of the Company listed on the Borse Valori Italiane (the Italian Stock Exchange) and owned partly to SNAI Servizi and partly to the Company itself, since they were own shares.

In the summer of 1998, the Company added wagering on sports events to its operations, experimentally launching bet collecting services for single games during the World Cup in France.

On 18 February 1999, the extraordinary general meeting resolved to change the name of the Company from Trenno S.p.A. to SNAI S.p.A., and to transfer its registered office from Milan to Porcari (Lucca).

In 1999, after a tender was published for the award of 670 bet collecting licences for horseraces (to be added to the 330 previously awarded licences) and 1000 bet collecting licences for sports events, SNAI Com (a fully-owned subsidiary of the Company) started offering bidders for these tenders a range of services including such as a "turnkey" service for setting up sales points, provision of the required software and hardware for operating the licences, and sales point furnishings and fittings.

Effective from 1 January 1998, Società Milanese Corse Cavalli S.p.A., Società Fiorentina per le Corse dei Cavalli S.p.A., Radinia S.r.L. and S.Siro Corse Cavalli S.p.A., the companies operating the racecourses (trot racing and gallop racing) in Milan and Montecatini, merged into the company Sport e Spettacolo Ippico S.p.A. which on 1 January 2000, changed its name to "Società Trenno".

Through joint venture companies or its own directly-controlled subsidiaries, the Company launched a series of projects abroad, such as in South Korea, Brazil and the United Kingdom, as well as in Italy, which were designed to: (i) establish betting networks in those countries similar to those in Italy; (ii) invest in the Italian telephony and data processing sector which the company considered particularly attractive economically and because the technological facilities capable of fast-tracking the implementation of new projects were already available. However, for want of immediate returns on such projects and given the persistent difficulties encountered in its efforts to form strategic alliances with industrial partners in the telecommunications sector, the Company was forced to reconsider its strategies and policies for growth and to concentrate on its domestic operations.

On 28 September 2001, the Board of Directors adopted a restructuring plan for the 2001 to 2004 period. This plan called for, among other things, the Company to focus on racecourse management activities and on the provision of bet collecting services at sales points, the Group's core business; it also called for agreements to be concluded with the Company's lending banks to reschedule the maturity date of outstanding loans (seven years extendable to ten instead of the agreed short-terms).

In implementation the restructuring plan, the group subsidiaries SNAI Servizi Spazio Giochi, SNAI Com and Logisistem S.r.L. were merged with the Company so as to concentrate the Group's core business in the Company. As a result, the Company changed from a holding company to become an operating company, with the following business activities: (i) hardware and software development for the transmission and

calling-up in real time of information and odds on betting events; (ii) information technology services for collecting bets on racing and sports events and disseminating data in real time across the country; (iii) sale of equipment, facilities and services for SNAI betting points; and (iv) racecourse management and bet collecting services.

In further implementation of the restructuring plan, the Company, SNAI Servizi and the Advisor entered into the Consolidation Agreement with a pool of banks (led by Banca di Roma S.p.A.) covering Gruppo SNAI's outstanding borrowings and rescheduling repayment over time up to 31 December 2009 (with the option, subject to due performance by the Company, to extend repayment up to 31 December 2012 at the Company's request); pursuant to the Consolidation Agreement, the pool of banks undertook to consolidate their entire exposure towards the SNAI parent company into a facility repayable in variable six-month instalments. After signing the Consolidation Agreement, SNAI Servizi pledged to the banks 27,771,023 ordinary shares of SNAI corresponding to 50.54% of SNAI's share capital. This debt was recently fully repaid with a portion of the proceeds of the Loan Agreement.

The Acquisition

On 29 June 2005, the Board of Directors outlined a new strategic taking into account the trend in the market sector that saw less fragmentation and operators with greater critical mass, on the one hand, and predictable statutory developments that had encouraged such change. In the new market, players with valuable specific know-how and adequate national coverage were the authorities' preferred interlocutors. In that perspective, the Company considered it wise to integrate the betting industry's downstream value chain and focus on licensed bet collecting activities and gaming operations in general, alongside its traditional business as service provider for SNAI betting points.

This decision was encouraged by several new legal provisions of the newly enacted Competition Decree, including, in particular: (i) the elimination of the requirement that the voting capital of a licensee be registered in the name of an individual or of a limited or general partnership; (ii) the limit on the number of bet collecting licences for horse-races and sports events that could be granted to any one licensee; (iii) the elimination of the restriction prohibiting simultaneous ownership, whether partial, direct, indirect or via an intermediary, of racecourses or bookmaking agencies and of betting licences for "tris" betting; and (iv) the possibility of conducting bet collecting and bookmaking operations either with one's own means or with those of third-parties in accordance with Article 14-ter of the Competition Decree.

Considering the hugely fragmented market in which the Company operates as a provider of services for bookmaking and bet collecting licensees for horseracing and sports events, the Board of Directors observed that both the current development of the regulatory framework and the current market environment and development trends – including the introduction of new gaming and betting options – seem to be going in the direction of reduced fragmentation and, as a result, towards: (i) the identification of a limited number of operators capable of acting as interlocutors, with a view to simplifying the regulation and supervision of the gaming and betting industry; and (ii) the growing competitiveness of the industry, which is likely to increase further with the possible arrival on the Italian market of foreign competitors with greater financial and human resources.

The implementation of the new strategy originally called for SNAI to acquire 500 Business Units and subsequently tap the Former Licence-holders' know-how, professional skills and organisation, in accordance with Article 14-ter of the Competition Decree, through a series of Management Contracts providing for the

Former Licence-holders to continue managing the Business Units in the Company's name and for its account (see below).

To implement the aforesaid acquisition, SNAI's corporate purpose had to be amended to include licensed bookmaking, bet collecting, gaming and lottery activities. The corporate purpose was amended at the extraordinary general meeting of 2 August 2005. At such time, shareholders who did not vote the amendment were given the right to withdraw from the Company in accordance with Article 2437, paragraph 1(a) of the Civil Code. Since the Company did not receive any valid exercise of the right to withdraw from the shareholders within the term there was no need to liquidate any surrendered shares pursuant to Article 2437-*quarter* of the Civil Code.

As regards the individual agencies run by the Former Licence-Holders, two distinct Business Units were first of all identified; the first, directly pertaining to ownership of the licence, consists in: (a) the administrative licence for collecting bets on horseraces and sports events; (b) the specific liabilities listed in the relevant Option Contract; (c) the commercial goodwill independently attributable to this Business Unit; and (d) certain contracts Business Unit. The second Business Unit, on the other hand, relates directly to the agency's own subsidiary business operations and consists in property contracts, capital goods and the human resources employed for the provision of such subsidiary services Agency Branch.

Each Agency Branch acquired by SNAI from the Former Licence-Holders comprises:

- (i) title to a Historic Horseracing Licence or an Ordinary Horseracing Licence or a Sports Licence as detailed in Appendix 3 of this Prospectus;
- (ii) commercial goodwill, understood as meaning not just the customer goodwill and the corporate image, but the geographic location capable of generating a certain volume of bets and the corresponding turnover for SNAI;
- (iii) contracts for the provision of the electronic, telephonic and logistics services needed to operate the telephone and electronic betting service including, in particular, the contract between the licence-holder and Festa S.r.L. for operation by Festa S.r.l. of the telephone and electronic betting service known as "Gioca Sport" or "SNAI card", and the contracts between the Former Licence-Holder and bettors placing their bets by phone or electronically through a personal non-interest bearing gaming account (so-called "*Conto Personale di Gioco Infruttifero*");
- (iv) the liabilities listed in the appendix of the corresponding Option Contract, including tax liabilities, accounts payable to the UNIRE and AAMS, accounts payable to bettors and amounts due for electronic, telephonic and logistics services for the telephone and electronic betting service of the Business Units with Horseracing Licences; tax liabilities, accounts payable to CONI, accounts payable to bettors and the AAMS and amounts due for electronic, telephonic and logistics services for the telephone and electronic betting service of Business Units with Sports Licences.

In the context of the Acquisition, SNAI therefore concluded the following contracts with each Former Licence-Holder: (i) an option agreement for the transfer of the business by which each Former Licence-Holder granted SNAI an option to acquire its Business Unit in accordance with Article 1331 of the Civil Code (the Option Contract); (ii) a management contract by which SNAI, as new holder of the licence

for the Business Unit, undertakes to operate the Agency Branch and the Former Licence-Holder in turn undertakes to conduct such activities through his own Agency Branch exclusively for SNAI's account (the Management Contract).

The Option Contract provided that SNAI had to exercise the option before 28 February 2006 and that the contract would take effect three business days after all the conditions precedent stipulated therein had been fulfilled. The parties also undertook to execute a notarial deed satisfying the formal requirements (public deed or authenticated private contract) for filing the transfer of the Business Unit with the commercial register.

The Option Contract was subject to the following conditions precedent: (i) granting of all requisite ministerial authorisations for the transfer of the licence and, if necessary, for exercising the licensed activities with third-party assets pursuant to Article 14-*ter* of the Competition Decree, and (ii) unconditional approval from the Antitrust Authorities for the implementation of the project as a whole. The Contract also provided that, if the conditions precedent referred to under (i) and (ii) above were not fulfilled by 31 March 2006, the Option Contract and the transfer contemplated therein would definitively become null and void even if the option had been exercised in the meantime.

The Board of Directors originally estimated the financial needs for implementation of the project at a maximum of EUR 500 million overall. In accordance with the Company's strategic guidelines, and taking into account the payment schedules set out in the Business Unit acquisition agreements, the Board of Directors also decided that the project was to be financed by means of bank loans, by cash flows from business operations and from the proceeds of a capital increase.

On 13 September 2005, the Board of Directors convened an extraordinary general meeting of the Company and proposed that the shareholders authorise the Board of Directors to increase the share capital of the Company, in accordance with Article 2443 of the Civil Code, in one or more times over a period of five years from the date of the corresponding resolution, by a maximum nominal amount of EUR 14,285,226.80, up to a total nominal capital of maximum EUR 42,855,680.40, through the issue of no more than 27,471,590 ordinary shares with a par value of EUR 0.52 per share.

The power to increase the capital conferred on the Board of Directors was sufficiently flexible for it to launch the Capital Increase for financing the transaction after the Company acquired the target Business Units and to complete the Capital Increase, as prescribed by law and in accordance with market conditions, within 210 days of the first drawdown under the Loan Agreement.

It also allows the Board of Directors to respond immediately in the event additional financing is needed in the context of the Acquisition (in case of an opportunity to purchase more Business Units than originally planned, for example). Moreover, the Board of Directors can use the power to meet any other financial requirements incurred by the Company in the five years after its conferral.

On 12 October 2005, unlike originally expected on the basis of the subscriptions received within the term, the Board of Directors identified 464 Horseracing Licences and Sports Licences in 254 locations, and estimated the amount needed to purchase the Business Units pertaining to such licences at EUR 422 million.

The resolution empowering the Board of Directors to increase the Company's capital was approved by the extraordinary general meeting of SNAI on 18 October 2005. Simultaneously, the shareholders referred to the Board of Directors the task of determining the number of the ordinary shares to be issued from time to time

pursuant to the aforesaid resolution, and their issue price, including the amount of any premium. On 4 November 2005, SNAI notified the Antitrust Authority of the Acquisition, which qualifies as a “concentration” within the meaning of the applicable anti-trust legislation. On 23 November 2005, by Order no. 14908 published on 12 December 2005, the Antitrust Authority decided not to open an investigation under Article 16, paragraph 4 of Law no. 287 of 10 October 1990. On 9 February 2006, Pianeta Scommese S.r.L. filed an appeal contesting that decision before the Tar Lazio (the regional administrative tribunal). However, after the hearing of 10 May 2005, the TAR Lazio handed down a decision rejecting the appeal. As of the date of this Prospectus, publication of the decision is still pending.

To fast-track the financing of the Acquisition and prepay the residual consolidated debt owed to the Banks (see above), SNAI then elected to finance the Acquisition from the proceeds of the Loan Agreement (in addition to extending the maturities of the payments due to the Former Licence-Holders), reserving the Capital Increase for a later phase of the transaction.

On 24 February 2006, AAMS and the UNIRE authorised the transfer of the Licences to SNAI with effect from 13 March 2006, subject to the resolutive condition that SNAI fulfil certain commitments before 13 April 2006; they also authorised SNAI to exploit the Licences, pursuant to Article 14-*ter* of the Competition Decree, through the Agency Branches which remained the property of the Former Licence-Holders. The AAMS authorisation stipulated the following resolutive conditions: SNAI’s failure (i) to execute the notarial deeds in respect of the contracts for the transfer of the Business Units; (ii) to offset the amounts due to the UNIRE by way of minimum mandatory payments against the damages awarded to licensees by the arbitration decision of 26 May 2003; (iii) to ensure due payment of all outstanding liabilities that are not offsettable against the amounts awarded under the aforesaid arbitration decision; (iv) to ensure that the former licensees deliver to AAMS a surety of an amount equal to the payments offset in order to guarantee AAMS’s rights if compensation is disallowed in the final instance.

The UNIRE authorisation (decisions N° 3991 of 24 February and protocol no. 271 of 11 May 2006) stipulated the following resolutive conditions, none of which are now likely to be fulfilled SNAI’s failure: (i) to execute the notarial deeds in respect of the contracts for the transfer of the Business Units; (ii) to ensure due performance of all obligations incurred up to 15 March 2006 by the Former Licence-holder and of all the obligations incurred from 13 March by SNAI itself pending effective transfer of the Licence; (iii) to issue an adequate guarantee in favour of the UNIRE, in the form provided by Article 7 of the Decree of the Finance Ministry of 20 April 1999, securing due and prompt performance of all payment obligations arising in connection with the licensed activities; (iv) to deliver to UNIRE an adequate guarantee covering the payment of an amount equal to the sums already owing to it and which were excepted by the Former Licence-Holders from compensation against the sums awarded by the arbitration decision of 26 May 2003.

On 27 February 2006, after eliminating a number of Business Units that were inconsistent with the Company’s valuation criteria, the Board of Directors decided to exercise its option rights for 450 Business Units: the corresponding total value estimated by the Board of Directors for the latter units was approximately EUR 358.5 million of which EUR 223.0 million was paid before the deeds were executed before the Notary. The balance, less a deduction of EUR 46 million corresponding to the debts towards AAMS taken over by SNAI, will be paid to the Former Licence-Holders in five consecutive non interest-bearing annual instalments of equal amount due on 30 May each year starting in 2007 and ending in 2011.

Between 16 March and 3 April 2006, SNAI and the Former Licence-Holders executed the deeds for the transfer of the Business Unit before Roberto Martinelli, Notary in Altopascio (Lucca), and SNAI paid the portion of the price due up on execution of such deeds.

Accordingly, SNAI is now the owner of 450 Business Units and the corresponding 450 Licences, of which 134 are Historic Horseracing Licences, 98 are Ordinary Horseracing Licences and 218 are Sports Licences, which are included in the Business Units.

The Bersani Decree

On 4 August 2006, after Legislative Decree no. 223 of 4 July 2006 was converted into law, the legislative initiated a process, more fully described in Section One, Chapter VI, Paragraph 6.1.1. b), designed to liberalise among the betting and gaming industry, to be implemented through tenders for the award of the Rights.

The changes in the reference regulatory framework created new investment opportunities for the Company; as a result, the Company's estimated financial requirements increased, significantly impacting the Group's strategic guidelines which were therefore revised.

On 28 August 2006, in implementation of the Bersani Decree, the AAMS published two Invitations to Tender for licences for public betting on horseraces (Article 38 paragraph 4) and for public gaming licences for sports events other than horseraces (Article 38 paragraph 2) through distribution networks and management of such networks. The Tenders relate to the award of Rights to establish Betting Points and to launch remote gaming networks. On 28 August 2006, the General Manager of AAMS issued decrees approving the model conventions for the award of public gaming licences pursuant to Article 38 paragraphs 2 and 4 of the Bersani Decree.

The Tenders announced pursuant to the Bersani Decree concern the award of 16,300 Rights for the opening of: (i) 500 horseracing Betting Shops; (ii) 9,500 Horseracing Betting Points; (iii) 1,900 Sports Betting Shops; (iv) 4,400 Sports Betting Points, and the Right to launch remote horseracing or sports gaming networks.

In order to safeguard licensees who were already operating horseracing and sports bookmaking and bet collecting businesses when the Tenders were announced, the Bersani Decree provided that the location of new Betting Shops and Betting Points would be determined, in the case of sports Betting Shops, based on the population of a municipality, and in the case of horseracing Betting Shops and Betting Points, based on the population of the province and the local propensity for betting on horseraces.

The Decree stipulates that the distance between a new Point and an existing agency may not be less than: (i) 800 metres (or 1,600 metres for municipalities with less than 200,000 residents) in the case of sports Betting Shops, and of 2,000 metres (or 3,000 metres for municipalities with less than 200,000 residents) in the case of horseracing betting shops; (ii) 400 metres (or 800 metres for municipalities with less than 200,000 residents) both in the case of horseracing and of sports betting points.

On 20 October 2006, SNAI filed the requisite documentation for participation in the Tender. In accordance with the limits set in the Bersani Decree and in the Invitation to Tender, the maximum number of Rights that can be awarded to any one bidder is: (i) 100 horseracing betting shops; (ii) 3,800 horseracing betting shops; (iii) 1,260 sports betting shops and betting points, representing a total of 5,160 Rights. SNAI anticipates that,

if it wins the award, the corresponding payments and the subsequent investments will total approximately EUR 200 million.

It must be observed that, in the context of its participation in the Tenders, the Company asked UBI to grant short-term and long-term guarantees required under the invitation to Tender. On 20 October 2006, the Company accordingly signed the Guarantee Agreement with UBI: whereby UBI undertook to provide that UBI grant the Company short and long-term guarantee facilities guarantees for a total maximum amount of EUR 140 million. For further information on the Guarantee Agreement, please see Chapter XXII of this Prospectus.

Merger: Trenno merged into SNAI

After spinning off its racecourse and property management division into Società Trenno S.r.L., a new limited liability company fully owned by Società Trenno S.p.A. (“Trenno”), was merged into SNAI: the purpose of the merger was to valorise the Group’s real estate assets, optimise the management of those assets and relaunch Trenno’s racecourse and property management activities. The merger also fulfilled a contractual obligation under the Loan Agreements requiring the companies to merge by 30 September 2006 for the lenders’ better protection. Before the deed of merger was executed, Trenno transferred to SNAI ownership of the property assets belonging to the trot racing racecourse complex known as the *Compensorio del Trotto di Milano* and to the racecourse at Montecatini Terme respectively, as well as the life tenancy on the premises of the gallop racing racecourse complex known as the *Compensorio del Galoppo di Milano*.

On 19 June 2006, the boards of directors of SNAI and Trenno respectively approved: (i) the companies’ assets and liability statements as of 31 March 2006; for Trenno, an adjusted pro-forma statement of assets and liabilities reflecting the above-mentioned spin off was also approved as at 31 March 2006; (ii) the merger project; (iii) the respective information reports; for Trenno, only the information required pursuant to Article 2501-*quinquies* of the Civil Code, and for SNAI the additional disclosures required pursuant to Article 70 of the CONSOB Regulations.

Because the spin-off of Trenno’s racecourse and property management division indirectly affected its corporate purpose (pending the conclusion of the proposed merger, Trenno would no longer be implementing its corporate purpose directly, but indirectly through the new company), on 19 June 2006, Trenno’s board of directors decided to submit the spin-off and the amendment of the corporate purpose for approval to the extraordinary general meeting of 26 July 2006.

As a result, the Trenno shareholders who did not vote to amend the corporate purpose were given the right to withdraw from Trenno in accordance with Article 2437, paragraph 1(a) of the Civil Code. Pursuant to Article 2437-*ter* of the Civil Code, the liquidation value of the Trenno shares was set by Trenno’s board of directors, after hearing the opinion of the company’s independent auditors and board of statutory auditors, at EUR 1.99665.

Because before the conclusion of the merger in question, SNAI held 96.49% of the share capital of Trenno, the merger was implemented through the simplified procedure provided in Article 2505-*bis* of the Civil Code, whereby: (i) Trenno shareholders were given the right to sell their shares to SNAI, the take-over company, at a price which Trenno’s board of directors, in accordance with Articles 2437-*ter* and 2505-*bis* of the Civil Code and after hearing the opinion of the company’s independent auditors and board of statutory auditors, again set at EUR 1.99665; (ii) there was no need for an expert’s opinion on the fairness of the share exchange ratio; (iii) for SNAI, the merger decision was adopted by the Board of Directors on 27 July 2006 in

accordance with Article 15 of the Company's by-laws; for Trenno the merger decision was adopted by the extraordinary general meeting of 26 July 2006.

As regards the share exchange ratio, the boards of directors of SNAI and Trenno set a "base share exchange ratio" equal to 15 ordinary shares of SNAI with a nominal value of EUR 0.52 each for 58 shares of Trenno with a nominal value of EUR 0.52, plus a cash balance, defined within the authorised limits, of EUR 0.70. The ratio was determined as follows for SNAI, based on the present value of cash flows; the same method was used for Trenno, but applied only to the new fully-controlled limited liability company – the other assets and liabilities were accounted at book value in accordance with international accounting standards (IAS/FRS). Originally, it was planned that the exchange ratio could be adjusted, in line with a pre-agreed formula, to account for the capital increase that the Board of Directors intended to implement pursuant to the power conferred on it by the extraordinary general meeting of 18 October 2005 between the filing of the merger proposal and the execution of the merger deed.

However, considering the new rules and regulations and their effect on the Company's financial requirements (please refer to Chapter V, Paragraph 5.1.5.a under "The Acquisition" and Chapter VI, Paragraph 6.1.1.b of this Prospectus for more detail), the Board of Directors decided not to proceed with a capital increase under the corresponding resolution since the proceeds would be insufficient to cover the Company's increased financial requirements. As a result, there was no need to adjust the share exchange ratio set for the merger.

On 29 September 2006, the Company and Trenno (subject to change in name of the latter) executed the deed of merger and filed it with the *Registro delle Imprese di Milano* (the register of companies in Milan) for registration. On 24 October 2006, the deed of merger was registered with the *Registro delle Imprese di Lucca* (the register of companies in Lucca).

For further information on the companies involved in the merger, see Chapters V and VI, Paragraph 6.1, and Chapter VII, Paragraph 7.2 of Section One of this Prospectus.

5.1.5 b) Future Plans

The Company is currently leader in Italy in terms of types range of products and services, volume of bets, and geographical coverage of the network through the SNAI Third-Party SNAI Points and Manager SNAI Points, which offer comprehensive, modular and competitive services. The Company believes that the Group's strengths are the following²:

- leadership on the Italian market for licensed betting on horses and sports events, both in terms of betting points and in terms of volumes of bets, with 250 Points of Sale throughout Italy, operated under licences held by SNAI;
- leading competitive position as service provider to an additional network of approximately 450 Points of Sale throughout Italy;
- ability to plan, develop and implement information technology applications and infrastructure systems, networks and software solutions for the gaming industry, and to produce specialised equipment and facilities on a turn-key basis;

² Based on studies carried out by Management relying on data provided by the AAMS and data from the websites of competitors like Lottomatica and SISAL.

- long-standing experience in centralised management of the risks related to flat-fee betting, including the ability to specifically price each individual betting event;
- ability to reduce the risks involved in bets on individual events, because of the geographical distribution of its bet collecting points;
- exclusive access to the management and marketing skills of the Former Licence-Holders with whom the Group maintains strong working relationships; and
- large number of slot machines, throughout Italy, connected to the legal AAMS gaming network.

The Company's main strategy for growth is to continue to strengthen its market position and its horseracing and sports bet collecting network both as a licensee and as a service provider. Accordingly, the Company found it necessary to pursue the new opportunities offered by the Bersani Decree by participating in the Tenders.

This strategy is entirely consistent with the Acquisition by the Company of the Business Units in March 2006, and takes advantage of current market trends and the evolving regulatory framework. There were signs that the market was undergoing a process of reconfiguration to reduce the fragmentation of supply and that, as a result, there was a trend towards more efficient, larger-scale operators. It became clear that the sectoral authorities would have: (i) to simplify relations with licensees by substituting with a small number of larger, better organised licensees a multitude of small licence-holders, with the added advantage of thus securing more reliable and more manageable tax flows; (ii) to increase the efficiency of the monitoring of the licensees' technical and qualitative requirements, and compliance with legal requirement..

Management believes that the synergies triggered by the Acquisition and its merging effects will enable the Company to successfully meet the challenges of the evolving gaming and betting market, with a view to consolidating its already significant market presence and exploiting the opportunities created by the development of new technologies and gaming systems and the evolving legal framework.

Law no. 248 of 4 August 2006 converted Legislative Decree no. 223 of 4 July 2006 into the Invitation to Tender was published on 28 August 2006 in implementation of Legislative Decree no. 223 of 4 July 2006.

By participating in the Tender, the Company is seeking to acquire the right to operate Points of Sale, whether Betting Shops or Betting Points, up to the maximum limit specified in the terms and conditions of Tender, namely 20% of all the new licences to be awarded for horseracing and sports Betting Shops and Sports Betting Points and 40% of all horseracing Betting Points.

On 20 October 2006, the Company filed the requisite documentation for participation in the Tender. In accordance with the limits set in the Bersani Decree and in the Invitation to Tender, the maximum number of Rights that can be awarded to each bidder equals: (i) 100 horseracing Betting Shops; (ii) 3,800 horseracing Betting Shops; (iii) 1,260 sports Betting Shops and Betting Points, representing a total of 5,160 Rights. The Company expects that, if it wins the award, it will need to pay and investments approximately EUR 200 million.

If the Company is awarded the new licences, the new Points of Sale will be managed by the Former Licence-Holders (who currently operate the Manager SNAI Points) in accordance with the current business model (see Section 6.1.1. a) "Group Activities" in this Prospectus).

The Rights being granted pursuant to the Tender are identified:

- on a per-municipality basis for Rights for Betting Shops and Betting Points for sports events;
- on a per-province basis for Rights for Betting Shops and Betting Points for horseraces.

The Company has submitted a bid for specific individual Rights which were selected, after careful mapping of the territory, based on the potential for growth and in the light of the Group's existing geographical distribution.

Despite the decline in the Group's current market share that is expected to follow from the liberalisation of the market and the maximum limits specified in the Bersani Decree, the Management believes that the award of any new licences will result in an increase in the volume of bets collected.

As a provider of connectivity services, the Company aims to offer all "SNAI Point" services and technology, in its capacity as a service provider, to existing Third-Party SNAI Points, trusting that the new licences awarded under the Tenders will increase the number of sales points managed by such Third-Parties.

The Bersani Decree offers the Group an additional opportunity insofar as it simplifies administrative procedures for the installation of a greater number of slot machines at each horseracing and sports Betting Shop. The Company intends to avail itself of this opportunity at existing and future SNAI Points.

5.2 Investments

5.2.1 Investments by the Group in the years ended on 31 December 2003, 2004, 2005 and the six months ended on 30 June 2006

The following table shows the net book value of the fixed assets of the Group for the years ended on 31 December 2003, (in accordance with IAS and Italian accounting principles) and 31 December 2005.

Accounting Principles <i>(in thousands of euro)</i>	IAS/IFRS		Italian	
	31.12.2005	31.12.2004	31.12.2004	31.12.2003
-Intangible fixed assets	14,752	14,167	11,166	16,233
-Tangible fixed assets owned by the Company	119,265	121,841	76,333	79,001
-Assets held under finance leases	5,093	5,806		
-Financial fixed assets/equity investments	2,092	1,378	4,225	3,632
Total Fixed Assets	141,202	143,192	91,724	98,866

The following table shows the balance of investments made by the Group in the years ended on 31 December 2003, 2004 (in accordance with IAS and Italian accounting principles) and 31 December 2005.

Accounting Principles <i>(in thousands of euro)</i>	IAS/IFRS		Italian	
	31.12.2005	31.12.2004	31.12.2004	31.12.2003
- Intangible Fixed Assets	2,182	1,007	1,022	929
- Tangible fixed assets owned by the Company	3,683	2,644	2,644	1,911
- Assets held under finance leases	541	6,200		
- Financial fixed assets/equity investments	908	303	2,046	329
Total Investments	7,314	10,154	5,712	3,169

The following table shows the balance of investments made by the Group in the six months ended on 30 June 2006, compared with the investments made over the same period in 2005.

Accounting Principles (in thousands of euro)	IAS/IFRS	
	30.06.2006	30.06.2005
- Intangible Fixed Assets	386,308	687
- Tangible fixed assets	1,192	2,380
- Financial fixed assets/equity investment	9	307
Total Investments	387,509	3,374

The most significant of the above investments are listed in the tables for the year ended 31 December 2004, where all investments are stated in accordance with IAS/FRS.

The following table shows the balance of investments made by the SNAI Group during the nine months ended 30 September 2006, compared to the investments made in the same period of 2005.

Accounting Principles (in thousands of euro)	IAS/IFRS	
	30.09.2006	30.09.2005
- Intangible fixed assets	386,493	1,070
- Tangible fixed assets	1,847	3,598
- Financial fixed assets/Equity investments	9	195
Total investments	388,349	4,863

Year ended on 31 December 2005

Intangible Fixed Assets

The increase by EUR 2,182,000 relates mainly to the acquisition by Festa S.r.L., a subsidiary, of two licences for bet collection on horseraces and sports events to the development of specific software for gaming and betting operations and implementation of management software and the purchase of software licences.

Tangible fixed assets owned by the Company

The increase by EUR 3,683,000 relates mainly to investments in plant and equipment, for EUR 3,106,000, in connection with the transfer of slot machines from inventory to fixed assets, Betsi terminals lent for use to bet collecting points (*totoricevitori*) for gaming, slot machine installation costs, costs in connection with the start-up of the information technology network and the purchase cost of capital goods (servers, printers, PCs and screens) for the Group's various business operations.

Financial investments/equity investments

The increase by EUR 908,000 relates to the subscription and paying-in of the capital increase of Teleippica S.r.L., and the payment of the portion of the capital increase subscribed but not yet paid in the affiliate Società gestione Capannelle S.p.A. The extraordinary general meeting of the shareholders of Società gestione Capannelle S.p.A., held on 20 December 2005, decide to reduce the capital of the company from EUR 3,260,000 to EUR 1,890,000 to cover losses. The Company's shareholding in Società Trenno S.p.A. remained unchanged (26.28%).

Year ended on 31 December 2004

Intangible Fixed Assets

The increase by EUR 1,007,000 (IAS/IFRS accounting principles) and by EUR 1,022,000 (Italian accounting principles) mainly relate to the capitalisation of the development of specific software for gaming and betting activities, to the one-off payment to the AAMS for the licence to start up and operate a legal public gaming network using gaming and entertainment machines, the implementation of operating software and the purchase of various software licences.

Tangible fixed assets owned by the Company

The increases mainly refer to conversions and improvements on real assets owned by the Company, compliance with standards and plant improvements, building of a mega-screen for the Milan racecourses, purchase of 1,000 ethernet gaming access points plus gprs for the slot machines, and purchases of motor vehicles.

Assets held under financial leases

The increase by EUR 6,200,000 refers to the financial lease on the building in Porcari, at Via Luigi Boccherini 9, and to the financial lease on the slot machines and the “pda” access points for the slot-machine network connections, in addition to the purchase of a Company car.

Financial investments/equity investments

The increase by EUR 303,000 (IAS/IFRS accounting principles) mainly includes the equity investment in Teleippica S.r.L. and the capital increase of Società gestione Capannelle S.p.A, an affiliate company.

The increase by EUR 2,046,000 (Italian accounting principles) mainly includes the equity investment in Teleippica S.r.L.; the equity investment in Società Gestione Capannelle S.p.A., an affiliate company, advances on mandatory severance payments to employees, a deposit in favour of AAMS on 29 October 2004 as security for, among other things, payment of the consolidated tax (Prelievo Erariale Unico - “PREU”) and the licence annual fee.

Year ended on 31 December 2003

Intangible Fixed Assets

The increases totalling EUR 929,000 are mainly the result of the purchase and installation of software for the operation of the call centre, licences for the use of other software, and the one-off payment to the AAMS for management of the *Totocalcio and Totogol* games.

Tangible fixed assets owned by the Company

The increase by EUR 1,911,000 relates mainly to conversions and improvements on real assets owned by the Company; the cost of adapting equipment to comply with stricter standards, and the purchase of capital goods (servers, printers, PCs and screens) for the group’s various business operations.

Financial investments/equity investments

The increase by EUR 329,000 mainly relates to the equity interest in the company Tivu + S.p.A., to remedy losses, reconstitute and increase the share capital, and to surety deposits maturing after the year ended 31 December 2004.

Six months ended on 30 June 2006

In the first six months of 2006, investments were made, as shown in the tables above, in:

- intangible fixed assets for EUR 386,308,000, mainly comprising the acquisition of the 450 Business Units for betting on horseraces and sports events; development costs for operator-assisted betting terminals, the SNAI Web Point, and specific software for the betting and gaming industry; and
- tangible fixed assets for EUR 1,192,000 mainly relating to plant and equipment and the purchase of capital goods (servers, printers, PCs and monitors) for the different business activities of Group companies.

Nine months ended on 30 September 2006

As shown in the tables above, during the first nine months of 2006 investments were made in the following:

- intangible fixed assets of EUR 386,493,000, relating mainly to the Acquisition of the 450 Business Units (i.e., licenses) for the acceptance of horseracing and sports bet. The remainder were costs incurred in connection with the development of operator-assisted gaming terminals of the Punto SNAI Web, and with the development of specific gaming and betting software; and
- tangible fixed assets for EUR 1,847,000, relating primarily to plant and machinery and to the purchase of capital goods (servers, printers, personal computers and monitors) for the activities carried out by Group companies.

5.2.2 Ongoing Investments

As at the date of this Prospectus, the Group has no significant ongoing investments.

5.2.3 Planned Investments

As at the date of this Prospectus, the Board of Directors has not committed to any future investments other than those described in connection with its participation in the Tenders.

VI. OVERVIEW OF THE BUSINESSES

6.1 Main businesses

6.1.1 The Group's business

6.1.1 a) The Group's businesses

Historically the Group's business was focused on two integrated areas of business: (a) the gaming and betting business; and (b) the management of the Racecourses of Milano S. Siro (trot and gallop) and Montecatini Sesana (trot). Nowadays, however, most of the Company business is gaming and betting.

SNAI is currently Italy's main licence holder for horseracing and sports betting, considering that since 16 March 2006 it has held 450 Licences for horseracing and sports betting, pursuant to which it operates at 250 Manager SNAI Points.

Following the Acquisition, SNAI has added, to its service provider business, the direct collection and acceptance of bets based on the Licences included in the Business Units, using the structure, know-how and professional skills of the Former Licence-Holders pursuant to the Management Contracts, thus exercising the option under Article 14-*ter* of the Competition Decree, according to which the collection and acceptance of horseracing and sports bets can be exercised by the licence holder also through third parties. For further details regarding this new business see the section entitled "Option Contracts and Management Contracts" in Chapter XXII of the Prospectus.

SNAI and its subsidiaries continue to be one of Europe's leading service providers in the field of gaming and betting.

Furthermore, SNAI holds a license to take bets on the betting games *Totocalcio*, *Totogol* and *Il 9*, the National Horseracing betting game known as *Scommessa Ippica Nazionale* (previously known as Tris), and the totaliser bets Big Match, Big Show and Big Race, both through the SNAI Points and through a network of collectors.

SNAI is also holder of a license from the AAMS for the networking of slot machines.

Since 2001, SNAI has also acted as service and technology provider for Bingo licence holders. For this specific market, SNAI has developed the Global Service Bingo SNAI programme, which provides technical support, legal and tax advice, communication, design and construction of the bingo hall, as well as a networking system to connect halls to the Ministry of the Economy and Finance. Twenty SNAI Bingo halls currently operate throughout Italy. In particular, the Company provides the software and computer communication system interconnecting the Bingo halls with one another and with the AAMS, in order to transfer information relating to the game.

Finally, SNAI is the owner and manager of a number of horserace courses.

As at 30 June 2006, the Group employed 435 people, an increase of 28 compared to 407 employees as at 31 December 2005. The staff increases in SNAI and the Group's operating companies has been necessary in light of the increased volume of business as a result of the management of the services to connect entertainment equipment and the direct management of the horseracing and sports licences, as well as from the requirements associated with seasonal business activities. As at 31 December 2005, a number of fixed-

term employment contracts had expired and renewal or replacement depending on operational requirements. As at 30 September 2006, the Group employed 429 people, a slight decrease compared to 30 June 2006.

Gaming and Betting

a) Business relating to the collection of bets.

Since the first half of 2006, the company's primary business has involved acting as licensee for the collection of horseracing and sports bets. The Company has acquired 450 Business Units and related Licences (including 218 Sports Licences and 232 Horseracing Licences), which it operates through 250 Manager SNAI Points, for a total investment of EUR 358.5 million based on subscriptions to the programme received from the Former Licence-Holders.

SNAI also continues to act as service provider, managing the collection system for horseracing and sports bets accepted by SNAI Points, under the respective Licences, which was the Company's original core business. In this sector, the Company has achieved leadership in the national market with 634 Betting Points, representing 68% of all betting points, with a total gaming turnover equivalent to approximately 70% of the national volume of bets.

The total of 634 SNAI Points includes 384 points of sale operated under third-party Licences (Third-Party SNAI Points), of which 250 Points of Sale are operated under the 450 Licences that were the subject of the Acquisition by SNAI (Manager SNAI Points).

The Manager SNAI Points are operated by the Former Licence-Holders pursuant to the Management Contracts which are substantially similar for all Business Units acquired. The Management Contracts govern the management of all activities associated with the collection, cashing-in and payment of the bets, providing remuneration for the services received on the basis of a percentage of the volume of bets accepted.

In Third-Party SNAI Points in which the licence has remained in the hands of third parties, the business is run by the licence holders themselves, to whom the Company continues to provide its services.

In light of the above, as a result of the Acquisition, the business model of the SNAI Points network has remained unchanged from the point of view of the clients (bettors) and therefore guarantees the same quantity and quality of service.

In this business segment, the Group's income is generated for Manager SNAI Points according to the formula contained in the Management Contract and for Third-Party SNAI Points according to the remuneration provided for the services supplied in accordance with the service provider contracts. For an analysis of these contracts see Section 1, Chapter XXII, of this Prospectus.

The Acquisition has allowed the value of production to be significantly increased without any significant increase in the fixed cost structure of the company, which has used existing human resources, know-how and technologies.

a.1) Description of the Licensed betting business

The betting relates to horseraces in the official programmes of Italian and foreign racecourses, competitions associated with olympic sports (including football, basketball, cycle racing, Alpine skiing, Nordic skiing, tennis, sailing, volleyball) and motor sports (car racing and motorcycle racing).

The bets can be placed:

- on the “totaliser”: in which case the Company bears no risk because the total amount of the bets collected, minus the value of the levy, is distributed by the Ministry of the Economy and Finance among the winning bettors. Winners receive a sum equal to the bet multiplied by the latest odds fixed by the national totaliser before the start of the event on which the bet is placed. The Company’s income in this case comes from a percentage commission on the volumes collected for the individual types of bets.
- on “fixed-odds”: in which case the risk of the corresponding bet is borne by the Company. The amount to be collected is previously agreed between the bettor and the licence holder. In the event of a win, the latter pays an amount equal to the bet multiplied by the odds fixed at the time of the bet. The Company’s income in this case corresponds to the volumes collected for the bets.

The collection network for horseracing and sports bets, the former mainly on the national totaliser and the latter on fixed-odds, consists of licence holders authorised by the Ministry of the Economy and Finance and is made up of betting agencies, betting desks within racecourse establishments, betting stands and the national totaliser gaming terminals.

Bets can also be placed on the national totaliser and on fixed-odds by telephone and using the electronic network via the connection to SNAI Point.

An average of 65% of the collected bets on the totaliser are distributed among all the winners. Almost 70% of the amounts bet on fixed-odds is used to cover winnings.

A variation on the horseracing bets product is the “Ippica Nazionale” (so-called Tris) bet, which is a bet on the totaliser and on a specific horserace that occurs twice a day from Monday to Saturday, and involves guessing the first three winners. Since January 2006, Ippica Nazionale has allowed other types of bets to be placed, such as *quartè* (first four), *quintè* (first 5), *multipla* (multiple), *trio* (trifecta) etc. using the same betting slip. The Ippica Nazionale bets are accepted by Sisal and Lottomatica networks and by SNAI Points and the collection agencies in the SNAI network.

In 2005, the gaming turnover was EUR 551 million, down by 7.54% compared to approximately EUR 596 million in 2004. Note that the figure for 2005 shows only partially the positive increases resulting from the introduction of new types of bets, which only took place on an experimental basis at the end of 2005.

Since 14 December 2004, it has also been possible to place totaliser bets on competitions other than horseraces in accordance with Decree no. 229, issued by the Minister of the Economy and Finance on 5 August 2004, amending Decree no. 278 issued by the Minister of Finance on 2 August 1999. The first of these was the totaliser bet on football events known as “Big Match”, which was followed by bets on other sports and non-sports events, such as Big Race and Big Show.

An analysis of the volumes collected by SNAI Points during 2005 shows that horseracing bets on the totaliser decreased by 8.61% to EUR 1,547 million. This item includes a significant amount of income relating exclusively to the electronic game, which increased by 31.23% from EUR 16,339 million in 2004 to EUR 21,441 million in 2005. Horseracing bets on fixed-odds, which are offered by a limited number of SNAI Points, decreased by 4.96% to EUR 19,841 million.

Tris betting fell by 3.70% (from EUR 111 million in 2004 to EUR 107 million in 2005). However, the fall recorded by SNAI Points is significantly smaller than the national figure, which has been decreasing over the past few years. As regards sports betting, the traditional fixed-odds game reached EUR 921 million. The decrease of 0.88% was minimal, compared to 2004. Internet betting went counter-trend and achieved a turnover of EUR 23,689 million, an increase of 16.36% compared to 2004.

Sports betting on the totaliser, replaced by the “family” of Big Match, Big Race (Car, Motorcycle, Bicycle, Skiing) and Big Show bets, collected a total of approximately EUR 2,672,000 compared to EUR 621,000 in 2004. Predictive competitions accepted by the network of SNAI collection agencies decreased by 16.32%, less than the national trend, achieving an income of EUR 8,149,000. Thanks to the introduction of the new national totaliser horseracing bets (winner, exacta, ecc.), which earned EUR 4,498,000 during the last few months of 2005, the total income from SNAI collection agencies amounted to EUR 15,320,000, an increase of 56.55% from the EUR 9,785,000 recorded in 2004.

As at 30 June 2006, collections from bets business at SNAI Points amounted to EUR 194,789,000 and are the result of the new direct management of horseracing and sports bets business following the Acquisition. Note, however, that the betting sector benefited from an increase in the volume of business resulting from the football World Cup in 2006.

The network of SNAI Points is the widest and largest in Italy and consists of highly specialised Betting Shops that offer all that is necessary for bettors. SNAI Points are equipped with traditional betting counters and the latest generation terminals, areas for self-service betting, using touch screen terminals; areas dedicated to slot machines and for viewing the sports on which the bets are placed (horseraces and sports events); additionally monitors showing the odds updated in real time, as well as performance and results; printed notices, prospectuses and self-service terminals dedicated to research events on which bets can be placed and show odds, statistics and other information useful for completing the betting slip.

The self-service terminals can be used with a “SNAI Card”, an electronic betting card that allows each individual bettor’s betting account, opened by signing the appropriate contract, to be managed.

Alongside all the betting facilities they offer there are other services such as the sale of tickets for sports and other events, telephone cards, café areas, etc.

a.2) Services provided by SNAI Points

SNAI provides SNAI Points with consultancy and technical support services, as well as with continuous upgrading and development of the software used to collect bets, and equipment for viewing the graphic information relating to the various types of gaming. Given the specific nature and full range of the services provided to SNAI Points, close contractual, technical and operational links have been established and are destined to be long-lasting. The Company is also recognised by these SNAI Points as a skilled representative to promote the betting market before ministerial and legislative bodies.

One of the main activities of the SNAI Group is the planning, creation and supply of betting and gaming technology. Thanks to its professionalism, innovation-driven approach, ability to predict and anticipate market requirements, the SNAI Group has been able to widen its range of action from its original role as a service provider. Today, the Group’s design and production capabilities allow it to offer an all-round service for taking and accepting bets, which includes supplying technology and services, creating IT networks for data transfers, designing internet gambling platforms, designing and producing satellite and terrestrial

television channels, designing and building gaming establishments, creating specialised hardware and software in the field of information technology, and marketing all the products required by the gaming market.

Following the merger with several subsidiaries, the Company now carries out all main activities in the supply of goods and services to SNAI Points, as described below:

- providing an on-line electronic system which allows a connection to be established, by cable or satellite, between the 8,000 plus terminals of SNAI Points, thus allowing them to transfer and process the data relating to individual bets. In fact, the system allows all the data relating to individual debts to be recorded and forwarded by the SNAI Point to the Sogei S.p.A. processors for the Ministry of the Economy and Finance. Once the go-ahead and registration number of the bet is received from the Ministry, the system allows a definitive receipt to be issued for the purpose of collecting any winnings;
- providing SNAI Points with technical and IT support that relates to monitoring the performance of the game and managing the fixed-odds betting systems (e.g. technical and sports information, setting of opening odds and updating of the odds in real time, etc.);
- transmitting the odds on horseraces and sporting events by satellite;
- supplying SNAI Points with the hardware and software systems required to manage the game, as well as with all the respective technical support services, whether or not the serviced equipment is owned by the licence holders themselves;
- providing organisational and commercial organisation services associated with the acceptance of bets;
- designing, selling and installing equipment, structures and services for the modernisation of the SNAI Points;
- promoting the Group's commercial brands and helping to develop the market and make the most of SNAI's public image. This is achieved by means of advertising campaigns and by publishing the odds and information needed to place bets in sports newspapers and media targeted at the public at large, as well as by public relations and press office activities, and by devising and managing events.

Other Games

a) Predictive competitions

Predictive competitions include two major families: Totocalcio and Totip.

In 2002, for the purpose of ensuring unitary management in the gaming sector, responsibility for managing predictive competitions passed from the Italian National Olympic Committee ("CONI") to the AAMS, which retained the distinctive features of these games but made changes to the formula, introducing new elements:

- in the way the games are operated, by granting licences on some of the business activities to specialised operators;

- to the features of the games, responding to the demands and expectations of a larger potential client base.

There are approximately 23,000 points of sale around the country, including agencies for sports and horseracing bets. Even though its bet collection chain is numerically smaller than that of other competitors, who have larger chains, SNAI collects volumes of bets comparable to that of the others.

Since 2003, SNAI has been one of the licence holders selected by the AAMS as the service provider for the new sports-based predictive competitions called Totocalcio and Totogol. With a ten-year experience in the betting market, the SNAI Group can offer licence holders, and therefore players, the same principles of technological innovation and completeness of information services already applied with success to the betting market. The predictive competitions have been followed by totaliser betting; BIG Match, Big Race (car, motorcycle and cycle racing) and Big Show and lately “Ippica Nazionale”. The State licence holder status obtained for predictive competitions has strengthened the role played by SNAI in the gaming and betting sector. This new status in fact provides the Company with greater visibility both in the market and among the bodies responsible for granting licences when the organisation takes part in new competitive tenders for gaming and betting.

These licences are due to expire on 30 June 2007 and the respective businesses will be absorbed by the ones relating to the Rights, i.e. by the licences that are the subject of Tenders in accordance with the Bersani Decree.

Since spring of 2004, SNAI has installed and used new software in the terminals at the SNAI Points and collection agencies connected to SNAI, which is able to manage any kind of complete or reduced system, and to develop shared bets.

The Company currently connects and supplies services to 757 points of sale for predictive competitions, including 612 SNAI Points (384 of which are Third-Party SNAI Points for which SNAI is the service provider), 61 Totoricevitori and 84 other points of sale, with a remuneration equal to 3.45% of the amounts collected in its own network.

In this respect, see the table in the Risk Factors Chapter relating to the sector in which the Group now operates, in the “Risks associated with competitive positioning” paragraph, as well as Chapter VI, Paragraph 6.5.

b) Remote gaming

The Company was the first company in Italy to allow bets to be taken by telephone (SNAI card and Giocasport service), internet, text messaging, satellite and digital terrestrial television.

Through Festa S.r.L., the Group also manages and collects electronic bets (such as by telephone, internet, text messaging, etc. using Giocasport and SNAI card).

During the first quarter of 2006, the subsidiary Festa S.r.L. continued to promote the telephone and electronic betting service, advertising the prepaid “SNAI Card” cards to win over new customers.

Remote gaming, which is explicitly provided for in the Budget Law 2006, is expected to grow even more in 2006, offering new gaming methods which SNAI intends to operate using the technologies developed over the years. Furthermore, thanks to the technologies developed by SNAI, in January 2006 Festa S.r.L. together

with the television broadcaster La 7, launched betting through terrestrial digital decoder,. The Company introduced remote betting on the Sky Italia platform for the football World Cup in 2006. SNAI has also developed and built new self-service terminals, the so-called “Punto SNAI Web”, designed to operate outside SNAI Points using an operating interface linked to the internet, which means they can be installed in any retail outlet. Betting via the Punto SNAI Web terminals is done using the SNAI Card.

The following table shows the information regarding collection for electronic gaming

Type of Bet	2004	2005	Variation
Horseracing by telephone via the internet on the totaliser	16,339,112.00	21,441,218.00	+31.23%
Sports via the internet at fixed-odds	20,358,776.00	23,689,242.00	+16.36%

c) Entertainment equipment

New slot machines has been introduced since 2004 based on new legislation (Law no. 289 of 27 December 2002 containing “Provisions for the annual and multiannual State budget”, Budget Law 2003) which revised the rules for the sector. This legislation required existing equipment to be replaced with new types of equipment that allow winnings to be collected in cash according to criteria set by the law itself.

The new slot machines are connected by means of a electronic network, which allows the game to be controlled by the AAMS, the quality of the games to be significantly improved and their attractiveness to users to be increased.

Based on legislation, the new slot machines pay winnings of EUR 50 or less in cash. Each individual game lasts between 7 and 13 seconds and costs no more than EUR 0.50. The machines provide for winnings to be paid to the player for 75% of the amount played, with 13.5% being the tax levy “(PREU)” and the remaining 11.5% is divided among the slot machine manager and the licence holder, who receives compensation for the network connection services, for controlling the game and for managing the flow of money (collections and tax levies). As of 1 January 2007, new regulations are expected to be brought in which will increase the minimum cost of each game to EUR 1.00, with cash winnings of up to EUR 100 and a reduction of the PREU by 1.5%.

In June 2004, the Company and the other operators obtained a five-year licence from the AAMS for management, as service provider, of the electronic network for legal gaming using entertainment machines (slot machines paying winnings in cash) as service provider. This licence provides for the licence holder to connect all the equipment in real time and to collect and record all the data relating to the games played and the winnings from each individual slot machine. The Company has already been operating since mid-2004 with its own network that connects entertainment machines throughout Italy and, as at 31 May 2006, operating as the licensee for legal gaming, it had issued authorisations to operators for the operation of 22,621 slot machines.

New generation slot machines (paragraph 6a below) are expected to be introduced soon. These are better known as “Video Lottery” machines and will be used to take part in one or more games providing more attractive jackpots for players.

d) Bingo

As of 2000, the AAMS has been granting licences for operation of the bingo game to private operators, who provide the necessary investments and entrepreneurial tools and manage the game according to the rules established for protection of the public.

SNAI designs, sells and installs equipment, facilities and services for the construction of Bingo halls. SNAI also supplies the Bingo software and the electronic system for collecting telephone bets through text messaging and internet, as well as the software and interconnecting electronic system to connect Bingo halls with one another and with the AAMS, for the transfer of game information. In order to allow bettors to receive bigger winnings, a connection has in fact been established between several Bingo halls, which allows the jackpot to be calculated cumulatively (Interconnected Bingo, which has not yet been regulated by Italian law). The jackpot is proportional to the amount received from the sale of the Bingo cards for each game, and pays 8% for a five-number row and 50% for Bingo.

Racecourse Management Area

SNAI owns and runs the racecourses in Milan (trot and gallop) and Montecatini (trot). Under the terms of its agreement with the UNIRE, the Company organises the management of the Milano S. Siro gallop training centre and the collection side, the racecourses, of bets on horseraces. As part of a national programme coordinated with the UNIRE, the Company also organises horseraces according to an established timetable, receiving an annual payment from the UNIRE, as provided in a multi-annual convention (the remuneration is essentially calculated according to the volume of bets collected both outside and inside the racecourses).

Media Area

The SNAI Group manages an integrated media system. Through Teleippica S.r.L., the Group currently operates three satellite television channels. The first two (the UNIRE GRIGIO and the UNIRE VERDE) broadcast images of horseraces in Italy and overseas to SNAI Points in encrypted mode on behalf of the UNIRE. The third channel, called SNAI SAT, is part of the Sky package and can be viewed by all Sky subscribers. It broadcasts horseracing highlights and gives ample time to providing sports information aimed at promoting and disseminating betting.

Through its satellite broadcasting station, Teleippica S.r.L. also transmits information from the “the UNIRE news programme” to all SNAI Points in real time, as well as information on the volume of bets and forecasts for both horseracing and other sports events to all SNAI Points across the country. Finally it has also started to experiment with a new television channel called SNAITV, which aims to provide specialised content for the SNAI Point network with a view, among other things, to benefiting from the widening of the network allowed by the Bersani Decree.

In addition to paper press, the Group also uses electronic publishing via numerous websites such as www.snai.it, www.sportescommesse.it, www.trenno.it, www.bingosnai.it, www.snaisat.com and the online horseracing and sports betting site www.giocasport.biz.

6.1.1 b) Legislative framework

In order to provide further details of the Company’s business, the following section contains a brief overview of the legislative framework in which the SNAI Group operates in the gaming and betting market, which is

the Group's primary business. This regulatory framework is highly complex and detailed, establishing the contexts in which private entities operate as State licence holders, and is being constantly updated.

In particular, the last two years have seen the introduction of important measures aimed at reforming legislation in the sector, particularly as regards the activities of betting shops as State licence holders. This set of laws has led to a series of significant changes being introduced in the Company's operational context.

General rules regarding games and betting

The first legal measure issued with regard to games and betting was Legislative Decree no. 496 of 14 April 1948, Article 1 of which reserved for the State the organisation and operation of games and predictive competitions requiring the payment of a stake in cash, regardless of the type of winnings paid.

Article 2 of the same decree specifies that the management of these activities is in the hands of the Ministry of the Economy and Finance, which may operate them directly or through third parties providing an appropriate guarantee of suitability, while Article 6 assigns to the CONI and the UNIRE the operation of games and predictive competitions relating to sports events organised and held under their control.

In accordance with the rules contained in Legislative Decree no. 496/1948, Presidential Decree no. 581 of 18 April 1951, repeatedly amended and supplemented by other subsequent measures, provided for the Ministry of the Economy and Finance to approve, by means of its own decrees: (i) the rules for games or competitions which the State intends to organise or entrust a licence for to individuals and corporate entities (Articles 3, 24 and 41); (ii) the awarding of licences for the management of all games or competitions (Article 37 as substituted by Presidential Decree no. 806 of 5 April 1962); as well as (iii) regulations for the organisation and running of activities reserved for the CONI and the UNIRE under the terms of Article 6, Legislative Decree 496/1948 (Article 52). This rule was temporarily waived by Article 24, paragraph 30, of Law no. 449 of 27 December 1997, which provided for the President of the Republic to issue decrees, for a period of twelve months after the law came into force, establishing rules for all the games authorised by the Ministry of the Economy and Finance, *"for the purpose of adapting their operation and promoting their dissemination"*.

Subsequently, as part of a plan aimed at bringing together under the control of the AAMS, an independent branch of the Ministry of the Economy and Finance established by law no. 3474 of 6 December 1928, all the State's responsibilities for gaming and betting, Article 25, paragraph 2, of Legislative Decree no. 300 of 30 July 1999, as subsequently amended and supplemented, exercising the powers delegated to the Government by Law no. 59 of 15 March 1997 (the so-called Bassanini I Law), provided for the AAMS to be assigned all the functions of the Ministry of the Economy and Finance regarding gaming, betting and predictive competitions, including those relating to the respective taxes, with the exception of direct taxes and value added tax.

Other measures (Article 12, Law no. 383 of 18 October 2001; Presidential Decree no. 33 of 24 January 2002; Decree Law no. 138 of 8 July 2002, converted with amendments into Law no. 178 of 8 August 2002 and Decree Law no. 282 of 24 December 2002, converted with amendments into Law no. 27 of 21 February 2003) then transferred to AAMS itself all the functions performed by various branches and entities of the government, including the functions assigned to CONI regarding games and betting associated with sports events not organised or run under its control, and the functions carried out by the Revenue Agency. It is worth pointing out, however, that the Ministry of the Economy and Finance retains both regulatory and other powers regarding the organisation of games, betting and predictive competitions under an express provision

of Article 15-ter, Decree Law no. 452 of 28 December 2001, converted with amendments into Law no. 16 of 27 February 2002.

This process was finally completed by Presidential Decree no. 385 of 15 December 2003, which replaced previous measures and imposed new organisational rules on the AAMS, effectively splitting this organisation into four divisions, which include the *Direzione per le strategie* (Strategy Division) and the *Direzione per i giochi* (Games Division), both of which deal, at different levels, with regulating games, competitions and betting, as well as further innovating the rules regarding bodies associated with the AAMS, such as the *Comitato generale per i giochi* (general gaming committee), the *Commissione per la trasparenza dei giochi* (commission for transparency in gaming) and the *Consulta tecnica nazionale dei giochi* (general technical advice committee for gaming), each of which has various functions guidance, supervision, advice and proposal regarding predictive competitions and betting. In particular, the *Comitato generale per i giochi*, established by Article 3, Law no. 357 of 10 August 1988, has been entrusted (by Article 4 of Law 178/2002 and Article 2 of Presidential Decree 385/2003) with establishing the strategic direction of the organisation and management of gaming, betting and predictive competitions, in coordination with the AAMS' *Direzione generale per le strategie*.

The internal organisation of the AAMS was completed and further specified by the Ministerial Decree of 1 October 2004.

Despite the aforementioned reorganisation of functions and responsibilities regarding games and betting, assigned almost entirely to the AAMS, a number of recent legislative measures have innovated the methods by which games, competitions and betting in general are organised. In particular, Article 8, paragraph 18, of Decree Law no. 147 of 24 June 2003, converted with amendments into Law no. 200 of 1 August 2003, entrusted the Ministry of the Economy and Finance with the responsibility of identifying operators specialised in the management of electronic networks for taking part in betting and predictive competitions, thus introducing in a general way the possibility of taking part in games, competitions and betting by telephone or electronic means.

The task of identifying and managing the specific payment methods for taking part in games and competitions remotely was instead assigned to the AAMS by Article 1, paragraph 290, of Law no. 311 of 30 December 2004. The same Article 1, Law 311/2004, in its paragraph 293, also provided for the AAMS to work in a coordinated way with the relevant government bodies responsible for the management of games and competitions in other European countries, thus creating the possibility of extending games and competitions that already exist in Italy to other European markets, in view, among other things, of the expected liberalisation of the gaming and betting market. The Budget Law 2006, Law no. 266 of 23 December 2005, also provides, in various paragraphs of Article 1, for the AAMS to issue instructions establishing appropriate measures for disseminating remote gaming via the internet, digital television and fixed or mobile telephony, providing in particular for the possibility of placing bets on horseraces and sports events by electronic means.

Bersani Decree

The Bersani Decree has led to a series of measures being adopted for the purpose, among other things, of liberalising the gaming and betting market, the main objective of which is to combat the spread of illegal gaming, as well as tax evasion and avoidance, in the gaming and betting sector, and to ensure the protection of players. Among other things, the Bersani Decree has established the following:

1. the inclusion, among public games, of the following games:
 - a) totaliser and fixed-odds betting on events other than horseraces;
 - b) predictive competitions on sports events;
 - c) predictive competition known as totip;
 - d) horserace betting as described in Article 1, paragraph 498, Law no. 311 of 30 December 2004;
 - e) any other public game;
2. new methods for playing games which provide for:
 - a) Points of Sale whose primary business is the marketing of public gaming products (so-called Betting Shops);
 - b) Points of Sale whose secondary business is the marketing of public gaming products (so-called Betting Points);
3. the introduction, by 31 December 2006, by means of appropriate measures issued by the Ministry of the Economy and Finance, of the following:
 - a) fixed-odds remote betting on events other than horseraces using methods of direct interaction between individual players;
 - b) remote games of skill which pay winnings in cash;
4. the activation, by means of a contract-awarding procedure open to all operators involved in running games in a Member State of the European Union, to operators in the Member States of the European Free Trade Association and to the operators of other States, only if they satisfy the reliability requirements established by the AAMS, of new Points of Sale, some of which will have the marketing of public gaming products as their primary business;
5. the awarding of the Points of Sale after completion of one or more procedures open to all operators;
6. the criteria for the location of the Points of Sale specified in the award procedure, in terms of their distance in relation to the existing sales network, and of the upset price, for the purpose of awarding the contract itself;
7. the option of playing the game remotely, including games of skill paying winnings in cash;
8. the reorganisation of tax rates on fixed-odds betting on events other than horseraces, by the introduction of objective and pre-determined mechanisms that automatically ensure that the rate of the * on sports bets is consistent with the growth in income.

The effects of these provisions on the individual business activities of the Company, and the rules regarding the way in which income is received for the individual games, which are based on specific legislative or regulatory measures and are more often than not issued when the games themselves are awarded to licence holders, are described in the following paragraphs.

Under the terms of the Bersani Decree, the AAMS has launched two competitive tenders for the award of a licence to operate public games based on horseracing (Article 38, paragraph 4) and on events other than horseracing (Article 38, paragraph 2) by implementing and operating distribution networks. The purpose of the competitive tenders is in particular to assign the Rights to open Betting Shops and Betting Points in which to operate the games and activate remote gaming networks.

The competitive tenders launched under the terms of the Bersani Decree are intended to award 16,300 Rights to open: (i) 500 Betting Shops for horseracing; (ii) 9,500 Betting Points for horseracing; (iii) 1,900 Betting Shops for sports; (iv) 4,400 Betting Points for sports, as well as the Right to activate remote horseracing or sports betting networks.

In order to protect the licence holders who were involved in the collection and acceptance of horseracing and sports bets before the competitive tender was launched, the Bersani Decree provides for the location of the new Betting Shops and Betting Points to be determined, for sports Betting Shops and Betting Points according to the number of residents in the municipality, and for horseracing Betting Shops and Betting Points according to the number of residents in the province and to the propensity to gamble on horseracing.

The aforesaid decree provides in particular for the Points of Sale to be located at a distance from existing agencies of no less than: (i) 800 metres (or 1,600 metres in municipalities with a population of fewer than 200,000 residents) in the case of sports Betting Shops and 2,000 metres (or 3,000 in municipalities with a population of fewer than 200,000 residents) in the case of horseracing Betting Shops; (ii) 400 metres (or 800 metres in municipalities with a population of fewer than 200,000 residents) in the case of both sports and horseracing Betting Points.

The Rights relating to horseracing Betting Shops and horseracing Betting Points are offered on a provincial basis. Conversely, the Rights relating to sports Betting Shops and Betting Points are offered on a municipal basis.

In order to guarantee fulfilment of the undertakings given when the application to take part in the competitive tenders is presented, candidates are required to pay the AAMS a provisional deposit.

Each candidate can be assigned a maximum number of Rights for horseracing and sports Betting Shops and sports Betting Points equal to 20% of the total Rights relating to the relevant game sector, and a maximum number of Rights for Betting Points equal to 40% of the total rights in that category. SNAI intends to take part in the competitive tenders in order to obtain the maximum number of Rights available for both Betting Shops and Betting Points, relating to both sports and horseracing.

Bidders are required to submit a financial bid for an amount of no less than: (i) EUR 30,000 for each Right relating to horseracing Betting Shops; (ii) EUR 7,500 for each Right relating to horseracing Betting Points; (iii) EUR 25,000 for each Right relating to sports Betting Shops; (iv) EUR 7,500 for each Right relating to sports Betting Points; (v) EUR 300,000 for the Right relating to activation of the remote horseracing and sports betting network.

Each candidate's bid must identify the specific Rights in respect of which the bid is being presented and the respective payment proposed for each one. Each Right will then be awarded to the most financially advantageous bid. Candidates taking part in the competitive tenders in order to obtain more than one Right are therefore required to submit a number of bids equivalent to the number for which they intend to compete.

The licences under which the AAMS assigns the activities and the functions associated with exercising each Right to the winning bidders will run from the moment when they are signed until 31 December 2015.

Decrees issued by the General Manager of the AAMS on 28 August 2006 approved the draft agreements for the awarding of licences on public gaming under the terms of Article 38, paragraphs 2 and 4, of the Bersani Decree. In particular, these draft agreements contain detailed clauses that rigorously govern the formalities and duties to be fulfilled by the licence holders (including the technological and commercial operation and management of the bets distribution networks covered by the licence, the full compliance of the technological equipment and specific standards set out in appropriate specifications), the possibility of transferring points of sale to locations other than the ones stated in the agreement, requirements for the sale of the licence to other operators, duties of disclosure in the event of a change in the legal status or a change in the shareholding structure of the licence holder, licence fees payable to the AAMS, the licence holder's remuneration based on the net betting income from the licence, the economic and financial responsibilities of the licence holder, the duration of the licence, as well as the guarantees to be provided by the licence holder in the form of deposits or bank guarantees, the causes of revocation, forfeiture and suspension of the licence, the penalties and sanctions applicable in the event of non-fulfilment – by the licence holder – of the duties relating to the business for which a licence was awarded, the duty to comply with the rules on the treatment of employees.

As regards the reorganisation of the rates for the consolidated tax on fixed-odds bets on events other than horseracing, with effect from January 2007, Article 38, paragraph 3 of the Bersani Decree will replace point 3(b) of Article 4, paragraph 1, of Legislative Decree no. 504 of 23 December 1998.

As of this date, the new rules provide for different rates to be charged based on (a) the different amounts of net income over the previous twelve months; and (b) the following types of bets: (i) bets consisting of up to seven events and bets involving direct interaction between individual players; or (ii) bets consisting of more than seven events. As regards the bets defined under (i), the rate will vary between a maximum of 3% and a minimum of 2%, while for the ones defined under (ii), the rate will vary between a maximum of 8% and a minimum of 5%.

Horseracing and sports bets (horseracing, Olympic sports, motor racing sports).

Under Article 3, paragraph 229, Law no. 549 of 28 December 1995 and Article 3, paragraphs 77 and 78, Law no. 662 of 23 December 1996, the CONI and the UNIRE were granted the right to assign to third parties the organisation and operation of totaliser and fixed-odds betting on sports and horseracing events respectively, which were reserved for them under the terms of Article 6 of Legislative Decree 496/1948, Law no. 426 of 16 February 1942, and Law no. 315 of 24 March 1942.

Implementing these legislative provisions, the following decrees were adopted: Presidential Decree no. 169 of 8 April 1998, regarding the reorganisation of games and bets relating to horseracing, a measure which also established detailed rules with regard to accessing and operating the collection of horseracing and sports bets, and Ministerial Decree no. 174 of 2 June 1998, which contains detailed rules on the organisation and

operation of totaliser and fixed-odds bets collection systems reserved for CONI on sports competitions organised and run under its control.

In particular, as regards the organisation and management of totaliser and fixed-odds betting relating to horseraces, Article 2 of Presidential Decree 169/1998 provides for the option of awarding the licence for these activities following a public competitive tender. As regards the procedures for taking the aforementioned bets, Article 6 of Presidential Decree 169/1998 banned any form of intermediation in the taking of bets and established that these can be taken only: (i) at the betting desks within racecourses only for bets relating to the races taking place at the respective racecourse; (ii) at the bookmaker stands located inside racecourse establishments; and (iii) at horseracing agencies; (iv) at betting shops (*ricevitorie*), only for the Tris bet.

Equally, Article 2 of Ministerial Decree no. 174 of 2 June 1998 granted CONI the option to award licences to organisations fulfilling specific requirements established by the same decree, to operate totaliser and fixed-odds betting on competitions organised and run under the control of CONI, by carrying out a public competitive tender procedure.

Therefore, in light of the aforesaid provisions, both the CONI and the UNIRE have awarded approximately 2,000 licences by public competitive tender for the opening of agencies to take horseracing and sports bets, each one lasting six years, as required by the law, and renewable only once. The bet-taking business carried out by these agencies uses service providers who operate on behalf of the licence holders.

A Ministerial Decree issued on 20 April 1999, in accordance with Article 2, paragraph 6, Presidential Decree 169/1998, and the Managerial Directive of 7 April 1999, issued in accordance with Article 2, paragraph 4, Ministerial Decree 174/1998, approved the Conventions that govern relations between the principal and the licence holder regarding the horseracing and sports betting business, strengthening the network of horseracing agencies at the same time by awarding 671 new licences by means of a Community-wide competitive tender, while the Ministerial Decree of 24 October 2000 approved the standard agreement which allows bookmakers to gain licences for the collection of horseracing bets at fix odds.

These measures (Presidential Decree 169/1998; Ministerial Decree 174/1998; Ministerial Decree of 20 April 1999 and The Managerial Directive of 7 April 1999) introduced a number of provisions regarding shareholding structures as well as competition and market freedom. In particular, we refer to the provisions which: (i) required licence holders operating as joint-stock and/or limited liability companies to assign the shares (with voting rights) in their capital to individuals or partnerships (Article 2, paragraph 6, Ministerial Decree 174/98 and Article 2, paragraph 8, Presidential Decree 169/98; (ii) imposed parameters aimed at preventing the abuse of dominant positions by, among other things, limiting the number of licences that could be issued to each person (Article 10 of the Managerial Directive of 7 April 1999); and which (iii) banned the simultaneous ownership, whether direct or through a third party and whether full or partial, of racecourses or horseracing agencies and licences for accepting Tris bets (Article 2, paragraph 9, Presidential Decree 169/98).

Following the experiment of the aforementioned competitive tender for awarding licences for the collection of horseracing and sports bets, the Ministry of the Economy and Finance, in agreement with the Minister for Agricultural Policy, decided that, for the existing 329 agencies, the existing licences would be renewed, as allowed by Article 25 of Presidential Decree 169/98, implemented by the Ministerial Decree of 21 December 1999, according to the criteria established therein, by signing the respective licences, and for this purpose

using the standard agreement approved by the Ministerial Decree of 20 April 1999, and thus extending the rules for the new licences awarded following the competitive tender to the previous licence holders as well.

Furthermore, as regards the renewal of the licences for the collection of horseracing and sports bets, Article 8, paragraph 13, of Law 200/2003, awarded the management of the so-called “historic” licences to the UNIRE until they can be awarded by means of a public competitive tender. Implementing these laws, by means of Resolution no. 107 of 14 October 2003, the UNIRE proceeded to renew the aforesaid licences until 2012 for licence holders who subscribed to the agreement for the settlement of their outstanding financial claims relating to the licences.

In fact, in light of the significant difficulties encountered by the sector, which had not achieved the financial results expected in terms of the collection of bets, and for the purpose of reducing the impact of the tax levy by adapting it to the actual volume of bets, the Managerial Directive of 6 June 2002, issued in accordance with Article 8 of Decree Law 452/2001, provided, among other things, for licence holders to have the option to subscribe to the new standard agreements and to have the payment of 40% of the amount due in respect of the supplement on top of the percentage levies payable until the amounts constituting the guaranteed minimum for each licence holder are reached for the years 2000 and 2001, subdivided into four instalments falling due on 30 September of the years 2005 to 2008.

In this respect, Article 8, paragraph 5, Law 200/2003, implemented by the Managerial Directive of 10 October 2003, provided for licence holders subscribing to the new standard agreements drawn up in June 2002 to exercise the option of dividing into instalments their debt relating to the levies payable for the years up to 2002 (three instalments falling due respectively in February, June and October 2004), to the amounts due for the consolidated tax (five instalments falling due on 30 December 2003 and then on 30 June 2004, 2005, 2006 and 2007) and to the remaining debt relating to the guaranteed minimums (eighty instalments falling due on 30 October of every year, starting on 30 October 2004). In the event of a failure to pay the instalments according to the established terms, the licence holders will lose their licence.

In this respect we should point out that as regards a previous renewal of the so-called “historic” licences, the European Commission had launched infringement proceedings, based on an opinion dated 16 October 2002, for violation of the principles of competition. Similar action also appears to have been taken, or to be in the process of being taken, with regard to the provision contained in Law 200/2003 and to the respective implementation measures.

However, as already indicated in the “Risk Factors” section of this Prospectus, the one possible negative consequence for the Company of any such announcement by the European Commission declaring the illegality of the renewal established by the aforesaid decision by the UNIRE would be the early expiry of the so-called historic licences acquired by SNAI on completion of the Acquisition, the expiry of which is currently fixed for 2012.

As regards the types of fixed-odds and totaliser bets, a series of measures have been introduced in recent years to extend their range considerably.

In particular, Article 16 of Law no. 133 of 13 May 1999 provided for the Ministry of Economy and Finance to arrange, whether permanently or temporarily, for new totaliser or fixed-odds bet collections to be established for sports events other than horseracing and competitions organised by CONI, by parties to whom a licence is awarded to take bets in accordance with Presidential Decree 169/1998 and Ministerial Decree 174/1998. The option to take such bids was then extended by The Managerial Directive of

21 January 2003 and 24 November 2003, until the legislative framework was amended to allow such bets to be taken on a permanent basis.

Under the terms of this legislation, Ministerial Decree no. 278 of 2 August 1999, subsequently amended by Ministerial Decree no. 229 of 5 August 2004, established new totaliser or fixed-odds bets, awarding the management of these to parties that had already been awarded contracts under the competitive tender launched by the AAMS for the management of games previously assigned to CONI (Lottomatica, Sisal and SNAI) the taking of bids by betting shops, including bids on motor racing events, and Ministerial Decree no. 156 of 15 February 2001, which established the rules for authorising the telephone and electronic collection of bets relating to betting, games and predictive competitions, under the terms of which the Managerial Directives of 15 June 2000 and 31 May 2002 were issued containing rules that govern the taking of bets by telephone and electronic communication, for horseracing bets and sports bets respectively. Again under the terms of the aforesaid Article 16, Law 133/1999, Ministerial Decree of 3 June 2004 was issued which governs the operation of individual and multiple bets on horseraces, and the Managerial Directive of 25 October 2004 was issued which establishes all the technical provisions required to allow multiple bets to be take on the totaliser or at fixed-odds, establishing, among other things, the criteria for determining the levy percentages.

Law no. 289 of 27 December 2002 (Budget Law 2003) also introduced the option of taking horseracing and sports bets in the same premises, provided that the respective licences are held by the same person, who must also hold a public security authorisation, while Article 39, paragraph 14, Decree Law no. 269 of 30 September 2003, converted in Law no. 326 of 24 November 2003, then provided for the introduction, by decree from the Ministry of the Economy and Finance, of a further nine national totaliser bets on events other than horseracing.

Managerial Directive of 3 April 2003 then provided for SNAI Points outlets to provide other products and services in addition to the traditional one of taking bets, such as bar and catering services, sale of newspapers and magazines regarding horserace and sports betting, television projection of events associated with the bets, subject to the UNIRE's exclusive right to broadcast horseracing events, as well as to market predictive competitions associated with sports events, thus allowing new games and bets to be offered, while the Managerial Directive of 31 May 2002, implementing Ministerial Decree no. 156 of 15 February 2001, allowed horseracing and sports bets to be taken by telephone and electronic means of communication, subject to the AAMS issuing a decision confirming the conformity of the contract proposed by the licence holder to the person placing the bet and subject to the legal requirements imposed by the same decree being fulfilled by the licence holder.

The Managerial Directive of 19 January 2005, the Managerial Directive of 1 February 2005, the Managerial Directive of 2 February 2005 and the measures introduced by the AAMS on 29 November 2004 were introduced to establish the technical requirements and rules for the formats of betting slips, new game options, including multiple bets, new sports bets on the totaliser (Big Match and Big Race), fixed-odds and totaliser bets (Big Show) on non-sports events (Sanremo Song Festival, Academy Awards, Venice Film Festival, Miss Italy) and the new "live" betting on sports events in progress. Furthermore, in order to develop so-called remote gaming outside the traditional betting shops, authorisation has been given for licence holders to offer, subject to approval by the AAMS, services to credit money to gaming accounts and to distribute gaming contracts. Law no. 311 of 30 December 2004 also establishes means of payment for remote gaming, which the AAMS is entitled to identify, disseminate and operate.

Therefore, licence holders currently have the option, based on the schedule defined by the principal, to choose whether to accept bets on some events and exclude others. Furthermore, as regards fixed-odds bets, the licence holder can decide whether to increase the consideration to be paid on correct forecasts (odds on individual events). Currently there are no obligations placed on licence holders with regard to promotional and advertising activities. All these decisions are generally delegated by the licence holder to the service provider.

Further effects on the activities of SNAI and licence holders arise from the terms of Law no. 311 of 30 December 2004 (Budget Law 2005) and from the Competition Decree.

Paragraph 288 of the Budget Law 2005 also recognises and defines the figure of the “provider” for totaliser and fixed-odds betting, confirming that it is necessary not only for the purpose of feeding bets through to the national totaliser but also because of its potential “additional” function as the financial interface between the Licence holder and the AAMS. The rate of tax on bets has also been amended based on the new forms of financing granted to CONI, the means of payment for remote gaming, which the AAMS is entitled to identify, disseminate and operate, and horserace betting, providing for a new form of betting on horseraces.

Subject to the above, as of 1 January 2006, the Tris bet, which was previously governed by Presidential Decree no. 169 of 8 April 1998, has been replaced by a new horseracing bet on the totaliser with a variety of formulas, according to the provisions of Article 1, paragraph 498, of the Budget Law 2005, which relates to horses finishing in the first three places of pre-established races, as detailed in the aforesaid Presidential Decree no. 169 of 1998. The new horseracing bet is introduced, in its various formulas, on the initiative of the AAMS, in agreement with the Ministry of Agricultural and Forestry Policies, based on market requirements and on the fulfilment of computerisation requirements for adaptation of the distribution network for predictive competitions. Horseracing bets on the totaliser are known as:

- *Vincente nazionale* (national straight bet, win only)
- *Accoppiata nazionale* (national exacta)
- *Nuova Tris nazionale* (new national trifecta)
- *Quarte' nazionale* (national superfecta)
- *Quinte' nazionale* (national first five)

The formulas introduced are:

“*Vincente Tris nazionale*” consists of predicting the horse that comes first in the national Tris race.

“*Accoppiata nazionale*” consists of predicting the correct order in which the first two horses cross the finish line.

“*Nuova Tris nazionale*” consists of predicting the first three horses that cross the finish line and the correct order of arrival for the race on which the bet is placed.

“*Quarte' nazionale*” consists of predicting the first four horses that cross the finish line and the correct order of arrival for the race on which the bet is placed.

“*Quinte nazionale*” consists of predicting the first five horses that cross the finish line and the correct order of arrival for the race on which the bet is placed. The Budget Law 2005 also provides, in paragraphs 286 and 287, for the Ministry of the Economy and Finance to reorganise, within three months of the entry into force of the law, all the non-horseracing bets, instructing the AAMS to establish these new methods of distribution.

Law 311/2004 also introduced changes as regards electronic gaming, requiring the AAMS to take all the necessary measures to refine and regulate specific electronic and remote payment systems. The AAMS therefore has the authority to create appropriate means of payment to be used in the betting sector.

Finally, the Competition Decree eliminated the restrictions that had become anachronistic in the current market structure and were contained in particular in the legislative and regulatory framework for horserace betting licences (Presidential Decree no. 169 of 8 April 1998) and sports betting (Ministerial Decree no. 174 of 2 June 1998), further specified by the respective standard agreements approved by Ministerial Decree of 20 April 1999 and Ministerial Decree of 7 April 1999.

In particular, we refer to:

- a) the provisions that governed the transparency of shareholding structures and established, in the case of licence holders operating in the form of a joint-stock and/or limited liability company, the requirement to register shares with voting rights or units to individuals or partnerships (Article 2, paragraph 6, Ministerial Decree 174/98 and Article 2, paragraph 8, Presidential Decree 169/98);
- b) the provisions that guaranteed freedom of the market and competition and established parameters intended to prevent the abuse of dominant positions by, among other things, establishing limits on the number of licences that could be awarded to each person (Article 10 of the Ministerial Decree of 7 April 1999); and
- c) the provisions that banned the simultaneous ownership, whether direct or through a third party and whether full or partial, of racecourses or horseracing agencies and licences for accepting Tris bets (Article 2, paragraph 9, Presidential Decree 169/98).

These provisions, which have been the subject of numerous criticisms because of the restrictions they place on competitiveness and competition in the operation of horserace and sports betting businesses, have been repealed by the Competition Decree, which also introduced innovations in the way the horseracing and sports bets are accepted, allowing them to be sold by the licence holder using “*its own means or those of third parties*” in accordance with Article 93 of the consolidation act on public safety laws.

As a result of the Competition Decree, therefore, joint-stock companies are also allowed to hold licences, without restrictions on the number of licences that may be held, and licence holders are also allowed to own racecourses. Finally, licence holders are allowed to operate in the collection and acceptance of bets using their own means or those of third parties.

In view of the opportunities offered by these latest changes in the complex legislation governing the acceptance and collection of horseracing and sports bets, the Acquisition which was carried out by the Company in accordance with its strategic plans became possible.

In addition to the above, further effects on the areas of activity of SNAI have resulted in particular from the recent provisions of Article 38 of the Bersani Decree.

Firstly, we should point out the addition of two new types of games: games of skill with winnings paid in cash and bets involving direct interaction between individual players (so-called “peer-to-peer” games).

The Bersani Decree also pursues the objective of creating a structured network of points of sale for gaming right across the country. In fact, once the respective licences have been granted, it is expected that the collection and acceptance of bets for horseracing and sports events may be carried out both in points of sale whose main business is the marketing of public gaming products, known as Betting Shops, and in points of sale where this business is secondary, known as Betting Points. Furthermore, subject to approval of an appropriate licence, it will also be possible to operate the game remotely by establishing appropriate electronic platforms.

The Rights are awarded following public tendering procedures with a deferred minimum upset price that depends on whether the tenders are intended to obtain rights to open Betting Shops or Betting Points or to activate electronic platforms for remote gaming. However, in order to protect the current network, the Bersani Decree requires the new points of sale to be located a specific distance from agencies that currently provide the bet collection and acceptance service.

On 28 August 2006, under the terms of the Bersani Decree, the AAMS launched competitive tenders to award licences for the operation of public games based on horseracing (Article 38, paragraph 4) and on events other than horseraces (Article 38, paragraph 2) by the activation of distribution networks and the respective operation. A particular purpose of the competitive tenders is to assign Rights for the opening of shops to operate games and activate remote gaming networks. Decrees issued by the General Manager of the AAMS on 28 August 2006 approved the draft agreements for the awarding of licences on public games under the terms of Article 38, paragraphs 2 and 4, of the Bersani Decree.

Subsequently, the AAMS chief executive officer’s decree of 23 June 2005 and the AAMS chief executive’s decree of 22 November 2005 established rules for the renewal, respectively, of the sports licences and the ordinary horseracing licences by the original deadlines, which were not however complied with. In a letter dated 22 December 2005, the AAMS however provided for the transitional continuation of activities by the existing licence holders. The AAMS then implemented the aforesaid decrees and by means of a chief executive’s decree dated 30 June 2006 approved the standard agreement which provides access to the licences for the operation of fixed-odds betting on sports events, other than horseracing, and on non-sports events. With a further decree dated 12 May 2006, in agreement with the Ministry for agricultural and forestry policies, the chief executive of the AAMS approved the standard agreement which provides access to licences for the marketing of totaliser and fixed-odds betting on horseracing. The standard agreements contain detailed clauses that rigorously govern the duties and responsibilities and duties to be fulfilled by the licence holder, the guarantees to be issued, the causes of suspension, revocation and forfeiture of the licence, compliance with the laws on the treatment of employees, potential sale of the licence. In a letter dated 22 June 2006, the AAMS asked SNAI to deliver all the documentation required to renew the licences. The licences being renewed are 218 for sports and 98 for horseracing. As at the date of the Prospectus, SNAI had signed the standard agreements and was waiting for them to be signed by the AAMS.

Predictive Competitions

In accordance with the provisions of Legislative Decree 496/1948 and Presidential Decree 581/1951, rules have been issued for the predictive competitions known as Totogol, issued by Ministerial Decree of 10 March 1993, and Totocalcio, issued by Ministerial Decree of 23 March 1963, subsequently amended and

supplemented repeatedly over the years by means of multiple measures intended primarily to modify the amount of the stake and other technical aspects of the game, until Ministerial Decree no. 179 was issued on 19 June 2003, amended by Ministerial Decree no. 228 of 5 August 2004, which redefined the general rules on predictive competitions based on sports, including those related to the management and control of the financial flows from the sale of these products, and the rules for the Totocalcio and Totogol predictive competitions, as well as introducing new predictive competitions associated with the latter, specifically “il 9”, associated with Totocalcio, and “+Gol”, associated with Totogol.

The aforesaid rules were issued at the time when responsibilities for the aforesaid predictive competitions passed from CONI, which can managed them directly until then, to the AAMS, which launched a public selection procedure, by means of the Managerial Directive of 10 April 2003, to award the management licence, establishing the conditions required to obtain the authorisation for the sale of predictive competitions. This selection, which ended in May 2003, awarded the management of Totocalcio and Totogol, by means of the Managerial Directive of 9 July 2003, to Sisal, Lottomatica and SNAI for a period of four years plus one.

Ministerial Decree 179/2003, as subsequently amended and supplements, by means of AAMS Managerial Directives and otherwise, contains detailed rules on the procedure for accepting bets, collecting winnings and distribution the financial flows from bets collected, establishing the remuneration for points of sale as 8% of the amounts collected, and assigning the remaining to the jackpot (34.65%), to the unified tax (30.42%) and to contributions for bodies such as CONI (18.77%), the AAMS (5.71%) and the Istituto per il credito sportivo (2.45%).

This decree also provides for the operators to choose the points of sale to be connected to their collection network and the amount to be invested in advertising. The signing of the contract with the licence holder and the issue of the authorisation commit the point of sale, towards the licence holder, among other things, to promoting the predictive competitions among the public, displaying all the promotional material intended to make it easier for users to take part in the game and to pay, if required by the licence holder, the consideration for the point of sale systems, which must not exceed EUR 3,500 net of VAT, other than in cases where a suitable gaming terminal is already operational at the point of sale, which is connected to the processing system of the chosen licence holder.

Finally, we should point out that the provisions of the Bersani Decree previously highlighted with regard to betting also apply to the predictive competitions sector (sports, totip, national horseracing and games of skill played remotely, as well as any other public game, whether or not it is based on horseracing, which the AAMS may deem it appropriate to market at any time via the new sales network).

Tris (Trifecta)

The Tris (Trifecta) bet is a particular type of bet which consists of predicting the first three horses to finish a pre-established race and their order of arrival. It is governed by Presidential Decree 169/1998, by the Ministerial Decree of 20 April 1999, by the Managerial’s Decree of 22 March 2000, by the Ministerial Decree of 6 November 2002, which established a series of bets similar to the Tris, and therefore operated by the same licence holder, by the Ministerial Decree of 11 June 2004, which updated the percentages on the bets, and by the official rules of the Tris bet, attached to the rules on horserace betting approved by the UNIRE.

Pursuant to Article 2 of Presidential Decree 169/1998, the licence for operating the collection of Tris bets, which lasts for six years and is non-renewable, is awarded to a single licence holder. The respective standard agreement is the one contained in the Ministerial Decree of 20 April 1999, which also governs bets similar to the Tris in terms of the way in which the bets are accepted and totalised.

The Ministerial Decree of 20 April 1999 established the whole system for managing the game, including the computerised filing of all documents related to the game, also establishing that bets can also be collected using telephone and electronic systems connected to a service centre via the general telephone network. The same measure provides for the operator to cover all the expenses of collecting the bets and fulfilling the duties imposed by the agreement, including the payment of advertising costs that have to be covered by the operator in order to promote the Tris bet. Finally, the decree requires the operator to transfer the ownership of the entire automated system to the Ministry of the Economy and Finance, free of charge, at the end of the management period, including the equipment, the terminals installed in all the points of sale and everything else that may be required to operate the game.

The individual bet collection operators receive a commission of 1.65% plus VAT. They are responsible for planning the advertising campaigns to development and support the game, and are entitled to use any means they deem appropriate for this purpose, with the express entitlement to make investments in advertising that exceed the ones specified in the agreement.

Finally, the official rules for the Tris bet provide for the game operator to manage it either directly or through persons to whom it has delegated this responsibility.

Entertainment equipment (Slot machines).

Law 289/2002 allowed the new slot machines (also known as legal gaming machines) to be introduced to the market. These can be operated subject to having an authorisation issued by the AAMS and a licence issued by the chief of police.

Article 110 of Royal Decree no. 773 of 18 June 1931, containing the consolidation act on public security laws, defines the types of machines that can be considered, for legal purposes, as being legal entertainment machines, specifying the methods of play in detail and requiring that the games they offer to the public do not reproduce the game of poker or other similar games.

The use of equipment that does not comply with the provisions of this Article, the installation of such equipment in unauthorised premises and the infringement of any other rules on the operation of games using so-called slot machines, are punished by administrative penalties, repeatedly amended and supplemented by other measures, ranging from financial penalties to suspension of the licence and seizure of the illegal equipment used. Recently these penalties have been further amended, both as a result of the approval of Law no. 266 of 23 December 2005 containing "Provisions for the annual and multiannual State budget" (Budget Law 2006) and of the adoption of the Bersani Decree. Under the terms of this decree a new additional administrative penalty has in fact been introduced which consists of a forfeiture of the authorisation to collect money on games, competitions and bets in the event of a repetition of offence described in detail in paragraph 9, Article 110, of the aforesaid consolidation act.

The amount played by users of the legal entertainment equipment is subject to the consolidated tax levy of 13.5% of the amount played, in accordance with the Ministerial Decree of 12 March 2004, while 11.5% of these amounts is intended to remunerate the operator of the gaming equipment. However, we should point

out that as a result of the changes made by the Bersani Decree to the entertainment equipment sector, amongst others, as of 1 January 2007, the aforesaid tax levy will be reduced to 12%.

The rules contained in Budget Law 2006 include a series of measures aimed at combating the use of equipment that does not comply with legal requirements (such as law no. 425 of 6 October, Article 38 of Law no. 388 of 23 December 2000; Article 22 of Law 289/2002, Article 39 of Legislative Decree 269/2003, Article 4, paragraph 195, Law 350/2003, Article 1, paragraph 502, Law 311/2004 and Article 7 of Decree Law 35/2005 on competition) governing the distribution, importation and installation in gaming premises, and requiring appropriate identification mechanisms to be fitted to each individual piece of equipment.

Under the terms of these measures, an equal number of technical standards have been issued, contained in the Managerial Directives of 11 March 2003, 10 April 2003, 4 December 2003 and 27 January 2004, while the Managerial Decree of 27 October 2003 establishes the maximum number of entertainment equipment that can be installed in public establishments, private clubs and other betting premises.

For this purpose, the aforesaid Ministerial Decree of 12 March 2004 entrusted the AAMS with the task of operating a series of functions aimed at protecting the legal game, also providing for the creation of an electronic network owned by the AAMS, the operational management of which is entrusted to licence holders who operate the game by electronic means, connecting the gaming equipment that complies with legal requirements to the network (implementing the respective provisions of the Managerial Directives of 8 April 2004, which defines the functions of the electronic network and the issuing of authorisations to replace the ones issued for the individual pieces of equipment when they were connected to its network, and of 23 July 2004, which establishes the basis for calculating the licence fee). The legislation has then been completed and supplemented by a series of letters and circulars from the AAMS.

The same decree has also ensured the involvement in the fight against the use of illegal equipment of the licence holders operating the electronic networks to which the gaming equipment is connected, so that a chain of people responsible for identifying infringements of legal requirements can be defined and so as to have a more effective system for detecting such infringements.

The decree requires operators to verify that equipment complies with legal requirements before they apply for the replacement authorisations (the application is in fact a declaration by the operator that the equipment complies with legal requirements). Furthermore, the operators of electronic networks (and, according to the draft budget for 2006, providers of internet connections and operators providing electronic and telecommunication services for operation of the equipment) perform important functions with regard to identifying the availability of unauthorised games and must take appropriate measures to prevent these games being offered (Article 3 of the Ministerial Decree of 12 March 2004).

The legislation on the aforesaid legal entertainment equipment (slot machines) was completed in 2004 by identifying licence holders entrusted by the AAMS to connect the new equipment installed across the country. The Company is one of these licence holders.

On 14 April 2004, the AAMS launched a selection procedure aimed at identifying licence holders in charge of “activating and operating the network for electronic operation of the legal game using entertainment equipment, as well as carrying out the associated activities and functions”. This equipment includes so-called videolottery machines that will also be able to pay winnings in cash. In June 2004, together with other operators, the Company obtained a five-year licence from the AAMS to operate the electronic network for the legal game using entertainment equipment (slot machines paying winnings in cash) as service provider.

This licence provides for the licence holder to link together all the equipment in real time and to collect and record all the data relating to the money played and won on each individual slot machine.

Subject to the police authorisations requested, the Bersani Decree has now assigned full responsibility to the AAMS for identifying the maximum number of machines that can be installed in each shop.

Bingo.

Ministerial Decree no. 29 of 31 January 2000, which was issued in accordance with Article 16 of Law 133/1999, introduced the game of Bingo to Italy, restricting its ownership to the Ministry of the Economy and Finance as well as requiring the operation of the game to be awarded by means of competitive tenders to licence holders who can demonstrate that they fulfil requirements regarding, among other things, their financial solidity. The Decree also provided for the approval by decree from the aforesaid Ministry of the standard agreements to operate the licences.

Subsequently, a directive from the Ministry of the Economy and Finance dated 12 September 2000 assigned the task of acting as the central controller of the game to the AAMS, requiring the AAMS to devise all the measures required by the rules establishing the game, as well as to draw up the standard agreement, the text of which is contained in the Ministerial Decree of 21 November 2000, to be signed by the AAMS and the operators of the Bingo halls who are awarded the licence.

In accordance with Article 1, paragraph 2, Ministerial Decree 29/2000, and of Article 3 of the Ministerial Directive of 12 September 2000, the call for bids provided for 420 licences to be awarded for Bingo halls immediately after completion of the tendering process. A further 380 were to be awarded within two years of the game being launched to the parties included in the shortlist if in view of the total volume of the amounts played it was deemed appropriate to expand the network. There are 250 Bingo halls in operation at the present time.

The way in which the game is organised and managed is for the most part pre-determined by ministerial decrees which provide in particular for the separation of halls in which Bingo is played from premises in which other games or bettings take place, as well as a series of technical specifications to be respected for the game equipment (the game rules and the technical specifications are contained in the AAMS Managerial Directive of 16 November 2000).

Bingo licence holders are however granted a certain amount of discretion as regards advertising and promotional activities related to the game, as well as the option to use service providers to carry out their duties.

The call for bids for the award of licences and the other relevant measures placed various kinds of restrictions on the acquisition and concentration of licences around a single centre of interests. Geographical restrictions were in fact placed on the distribution of Bingo halls (contained in the Managerial Directive of 16 November 2000, for the first 420 halls, and 6 July 2001, for the additional 380 halls), establishing that no licence holder may manage more than 10% of the halls in the country and 50% of the halls in a region, on penalty of revocation of the licences exceeding the maximum percentage allowed by the authority granting the licences. Furthermore, the licences could only be issued to joint-stock companies if the shares were held by individuals or partnerships. Furthermore, the duration of the licences for Bingo is limited to six years, renewable only once.

Finally, in light of the provisions of Article 8, paragraph 18, of Law no. 200/2003, and of Article 19 of the Managerial Directive of 16 November 2000, the AAMS Managerial Directive of 1 April 2004 was issued containing the rules for Bingo played by electronic means in the various halls where Bingo is played, which will combine the jackpot resulting from the sale of the cards taking part in each individual game. The subsequent AAMS Managerial Directive of 19 April 2004 implemented the provisions of the decree of 1 April 2004 and issued the technical and functional specifications needed to integrate the computer systems of the various Bingo halls.

These two measures entrusted the AAMS with the duty to carry out numerous functions, which include setting prices for the Bingo cards, coordinating the various interconnected halls and drawing the numbers. Further AAMS measures regarding the centralised drawing of numbers, management of the game and remote collection are contained in paragraphs 530, 533, 535 and 548 of the aforementioned Article 1 of the Budget Law 2006. In particular, under the terms of the last two paragraphs mentioned, the AAMS issued the Managerial Directive of 30 January 2006, regarding the Methods for carrying out automatic checks on payments of the tax on entertainment, regarding entertainment equipment, as referred to in Article 110, paragraph 7, of the consolidation act on public security, as defined below, and as referred to in Article 1, paragraph 548 of the Budget Law 2006, as well as the Managerial Directive of 15 March 2006 on combating the unauthorised offering of games, lotteries, betting or predictive competitions with cash prizes by electronic means.

6.2 Main markets

The table below shows the overall turnover from the domestic gaming and betting market, broken down by business category for the years 2003, 2004 and 2005, as well as for the six months ended 30 June 2005 and 30 June 2006.

<i>(data in millions of euro)</i>	31.12.2003	31.12.2004	31.12.2005	30.06.2005*	30.06.2006*
Lotto	6,937.83	11,689.15	7,314.76	3,919.53	3,508.67
Superenalotto*	2,065.52	1,836.66	1,981.77	1,005.75	1,000.39
Prediction competitions	497.47	443.2	314.33	177.95	151.68
Non-horserace totaliser betting (Big)		0.56	43.8	26.66	17.2
F101	0.08				
Totip	30.75	24.08	22.14	10.66	7.88
Betting					
Horserace totaliser betting	2,310.71	2,262.00	2,139.84	1,101.15	1,070.38
Fixed-odds sports betting	1,102.43	1,283.73	1,470.42	699.22	1,080.60
Tris** bets	602.23	595.68	563.69	283.28	408.15
Lotteries – Gratta & Vincl*	281.81	500.00	1,500.00	560.36	1,760.00
Bingo*	1,257.43	1,541.91	1,600.00	715.3	870.00
Slot machines***	NA	4,000.00	10,500.00	4,725.00	6,517.00
Total	15,086.26	24,176.97	27,450.75	13,224.86	16,391.95
	NA	60.26****%	36.05****%	NA	23.95****%

* Some of the data in the columns and rows above are SNAI estimates.

** As of 2006 also Quartè/Quintè.

*** Data for year 2003 are not available since the slot machines network was set up in late 2004. Data as of 30 June 2005 and 30 June 2006 are SNAI estimates based on partial data published by AAMS.

**** Percentage variation from the previous year.

The table below shows a breakdown of the overall gaming and betting turnover collected through Third-Party SNAI Points and Manager SNAI Points for the first half of 2006. For previous periods, the volumes refer to Third-Party SNAI Points.

The table also presents SNAI Group's turnover broken down by business category with respect to years 2003, 2004 and 2005, as well as at 30 June 2005 and 30 June 2006.

SNAI Group

<i>(data in thousands of euro)</i>	31.12.2003	%	31.12.2004	%	31.12.2005	%	30.06.2005	%	30.06.2006	%
Totaliser horserace betting ⁽¹⁾	1,743,258	64.4	1,693,184	60.9	1,547,368	42.9	802,382	45.2	749,667	34.8
Fixed-odds sports betting ⁽¹⁾	813,758	30.1	929,107	33.4	920,934	25.5	456,557	25.7	584,485	27.1
Fixed-odds betting controlled by Revenue Office	14,435	0.53	15,185	0.55	12,293	0.34	4,828	0.27	7,915	0.37
Fixed-odds horserace betting	17,058	0.63	20,878	0.75	19,842	0.55	10,491	0.59	10,976	0.51
Horserace bets linked to totaliser rates					20,057	0.56	8,524	0.48	14,209	0.66
Totaliser sports bets before Big Match	608	0.02	622	0.02	0	0	0	0	0	0
Non-horserace totaliser bets (Big)	0	0	47	0.00	2,672	0.07	1,496	0.08	1,096	0.05
Tris bets ⁽²⁾	113,450	4.19	111,445	4.01	107,321	2.97	54,183	3.05		0
National horserace betting ⁽²⁾		0		0	4,499	0.12		0	92,310	4.28
Prediction competitions	4,894	0.18	9,739	0.35	8,149	0.23	4,231	0.24	4,001	0.19
Slot machines	0	0	0	0	965,000	26.8	434,250	24.4	692,517	32.1
Total	2,707,461	100	2,780,207	100	3,608,135	100	1,776,942	100	2,157,176	100

⁽¹⁾ For greater clarity of information, it should be noted that these data include turnover volumes from online and telephone betting collected at SNAI Points, which in year 2005 amounted to EUR 21,441,218.00 for totaliser horse racing bets placed online and by telephone, with a 31.23% increase from 2004 (EUR 16,339,112.00), and EUR 23,689,242.00 for flat-rate sports bets placed online, with a 16.36% increase over 2004 (EUR 20,358,776.00).

⁽²⁾ In 2006, Tris bets were incorporated within the group of "national" horse racing bets (Vincente, Accoppiata, Quartè and Quintè), introduced as of November 2005.

The innovations introduced by the Bersani Decree in the gaming and betting sector are bound to impact the market in which SNAI operates. In this regard, the Technical Report to the project that led to the development of the Bersani Decree highlights certain effects, which may be summarized as follows.

Introduction of new gaming methods

The Bersani Decree introduces two new gaming methods, i.e. ability games and fixed-odds wagers involving direct interaction between individual players (the so-called peer-to-peer bets). The strategic objective of the initiative is, above all, to counter illegal gaming and to provide more effective protection of players through the possibility, for organisations legitimately operating in Italy, to develop a more competitive offering and therefore not to lose their player base.

The expected financial result of the innovations described above is primarily the retention of the current wager base on online gaming, preventing a potential transfer of players to illegal virtual points of sale.

The Technical Report envisages a scenario of gradually increasing turnover, as a result of a growing number of players interested in the new gaming methods: the number of players is assumed on the basis of the number of holders of online gaming accounts opened in 2006, and assuming that such number will increase, also as a result of the new initiatives, in 2007 (over 500,000) and in 2008 (over one million).

Legislative interventions affecting the horseracing and sports sector

In Article 38, paragraphs 2 and 4, the Bersani Decree also provides for a reorganisation of the current horserace and sports betting sales network. As a whole, this new set of rules will lead to an expansion of the overall national network, as of result of the assignment by public selection procedure of licences to operate new sales points (even if only “virtual”).

As to games other than horseracing or sports, no significant effects are expected, although the turnover from horseracing bets placed at collection points is likely to increase.

In greater detail, the Technical Report outlines the following scenario:

- (i) As regards bets on sports events, a significant turnover increase is expected, with a growth year-on-year of EUR 150 million in 2006, EUR 780 million in 2007, and EUR 1,000 million in 2008. This process will be accompanied by a progressive reduction of the average tax rate applied on wagers, from the current 8.4% to an estimated 5% in 2008;
- (ii) As regards horseracing bets, the turnover increase is expected to be moderate, as the expansion of the distribution network is limited and the current demand for horseracing bets grows more slowly than the sports pools segment. The expected turnover growth year-on-year is EUR 50 million in 2006, EUR 500 million in 2007, and EUR 100 million in 2008.

Legislative interventions affecting the entertainment equipment segment

The paragraphs in Article 38 of the Bersani Decree mentioned below further specify the suitability characteristics that must be possessed by all entertainment equipment with cash payouts, as well as by the gaming distribution channels that collect the revenues from such equipment, in order to meet legal gaming requirements Specifically, the proposed regulations:

- a) Establish criteria to rationalize the distribution network of gaming machines that provide cash payouts, with amendments to the current quota methods (paragraph 5);
- b) Identify strict administrative penalty measures against any operators who should repeatedly engage in unlawful or irregular behaviours, i.e. behaviours that are non-compliant with the provisions regulating entertainment equipment (paragraph 6);
- c) Prescribe changes (paragraph 7) to the technical specifications of the equipment under Article 110, paragraph 6(a), of the Consolidated Act on Public Safety Laws (T.U.L.P.S.), and provide for payout methods (and, indirectly, for gaming payments) other than coins;
- d) Postpone to 1 January 2007 (paragraph 8) the determination of the fee to be paid according to the licence agreement to operate the online network under Article 14-*bis* of Presidential Decree no. 640 of 1972, amounting to 0.8 per cent of the amounts gambled; thus modifying paragraph 530 (b) of Law no. 266 dated 23 December 2005;
- e) Provide (paragraph 3) for a review of tax rates applicable to fixed-odds bets on events other than horseraces, through the introduction of objective and predetermined mechanisms that automatically link the unified sports betting tax rate to turnover growth.

These interventions partially modify the regulatory framework, and will foreseeably bring about the following effects:

- Non-compliant operators who repeatedly violate the applicable regulations will be deterred from continuing to operate in the public gaming sector;
- Equipment “quota” criteria will be reviewed so as to privilege mainly existing gaming establishments;
- Next-generation equipment, more secure in terms of online connections and subsequent controls, and also more attractive and therefore more competitive compared to illegal and irregular equipment, will be introduced in the market and installed;
- Objective, predetermined mechanisms will automatically link the consolidated tax rate applicable to wagers on events other than horseraces to the growth of the related turnover. The adoption of a more dynamic system, based on five turnover brackets, each triggering a tax reduction once achieved, will predictably bring about the following effects, according to the Technical Report: lower taxes should reduce the benefits of tax evasion, or of operating from countries with favorable tax regimes; a possible progressive reduction of the average rate, estimated to be 6.6% in 2007 and 5.0% in 2008; and a significant increase in turnover.

6.3 Exceptional factors which may have affected the Company’s business or target markets

The information provided in paragraphs 6.1 and 6.2. above with respect to the main business activities conducted by the Company and its main markets was affected by: (i) the Acquisition of the 450 Business Units (see Section I, Chapter V, Paragraph 5.1.5 a), subparagraph “The Acquisition”); (ii) intervening liberalisation of the gaming and betting market as a result of the issuing of the Bersani Decree (see Chapter V, Paragraph 5.1.5. a) “The Bersani Decree” and Chapter VI, Paragraph 6.1.1 b)).

In particular, it should be noted that, on 12 October 2005, the Board of Directors identified a new strategic line focused on the direct assumption by SNAI of the role of licensee for wager collection and gaming management activities (to be added to its traditional business as service provider to the PAS).

SNAI actually assumed this role through the acquisition of 450 Business Units related to Licences, and through the subsequent use by the Company of the know-how, professionalism and business organisation of the Former Licence-Holders, as currently allowed by Article 14 *-ter* of the Competition Decree, under a set of Management Agreements providing for the Former Licence-Holders to manage the Business Units on behalf of the Company.

Subsequently, on 4 August 2006, after the Bersani Decree was converted into law, the legislators started a process aiming among other things to liberalise the gaming and betting sector, through Tenders for the assignment of licences.

To enforce the aforesaid decree, the AAMS issued the Tenders, through two invitations to tender, concerning respectively the licensing of the operation of horserace-based public games (Article 38, paragraph 4), and of wagers on events other than horseraces (Article 38, paragraph 2) through the implementation and operation of distribution networks. Specifically, the subject of the tenders is the assignment of the rights to open Betting Shops and Betting Points to operate the gaming business and implement online gaming networks.

In order to protect the licence holders who collected and accepted horserace and sports bets prior to the Tenders, the Bersani Decree provides for the new Betting Shops and Betting Points to be located at a certain distance from the existing licence holders; such distance varies according to the number of residents in each township.

The licences under which AAMS assigns to the tender winners the activities and functions related to the exercise of each Right become effective as of the time of signing, and shall be effective until 31 December 2015.

By Decrees issued by the General Manager of AAMS dated 28 August 2006, agreement templates have been approved for the licensing of public gaming under Article 38, paragraphs 2 and 4 of the Bersani Decree.

As a result of these changes in the regulatory framework, new investment opportunities arose for the Company which required the budgeting of additional financial means; this also affected significantly the Group's strategic policies, which had to be revised accordingly.

The Company deemed that it would be in its best interest to take advantage of the investment opportunities provided by the Bersani Decree by participating in the Tenders.

6.4 Dependence of the Company's business on patents, licences, contracts, trademarks, or new manufacturing processes

The Company conducts its business without relying on patents or licences issued or granted by third parties. Specifically, it should be noted that the software used for accepting and managing horserace and sports bets is developed directly by the Company, while the software used in day-by-day accounting, tax and commercial management is purchased on the market from easily replaceable suppliers. Additionally, the Company is not dependent on specific industrial, commercial or financial contracts, or on new manufacturing processes.

Also, it should be noted that, pursuant to the Loan Agreements, the Company created up a first-ranking and a second-ranking pledge on its intellectual property rights (trademarks and patents) in favour of UBI and Solar S.A., respectively.

The table below lists the intellectual property rights owned by SNAI that are pledged pursuant to the Pledge Agreements.

Trademarks

Trademark	Product categories	Filings/Date	Registration/ Date	Country of filing
Info SNAI magazine	16/35/41	LU2005C000145 – 29/09/2005		Italy
Bingo SNAI	35/41/42	MI20001C004394 – 20/04/2001		Italy
Graphic Symbol	16/18/25/35/41/42	MI99C005675 – 02/06/1999		Italy
Graphic Symbol	16/18/25/35/41/42	2214927 – 22/11/1999		UK
SNAI	16/18/25/35/41/42	MI99C005676 – 02/06/1999		Italy
SNAI	16/18/25/35/41/42	2214925 – 22/11/1999		UK
PUNTO SNAI	16/18/25/35/41/42	MI99C005677 – 02/06/1999		Italy
PUNTO SNAI	16/18/25/35/41/42	2214920 – 22/11/1999		UK
PUNTO SNAI PUNTA SULL'EMOZIONE	16/18/25/35/41/42	LU2002C00059 – 11/06/2002		Italy
PUNTO SNAI PUNTA SULL'EMOZIONE	16/18/25/35/41/42	LU2002C00058 – 11/06/2002		Italy
PUNTA SULL'EMOZIONE	16/18/25/35/41/42	LU2002C00060 – 11/06/2002		Italy
Punto SN@I web	9/35/42	LU2006C00031 – 21/02/2006		Italy
Punto SN@I web	9/35/42	LU2006C00032 – 21/02/2006		Italy
SNAI CARD TI CONNETTI E SCOMMETTI	16/18/25/27/28/35/38/41	LU2005C00205 – 23/12/2005		Italy
SNAI CARD TI CONNETTI E SCOMMETTI	16/18/25/27/28/35/38/41	LU2005C00206 – 23/12/2005		Italy
GENIUS	6/7/9/16/18/25/27/28/35/ 37	LU2005C00060 – 05/05/2005		Italy
SNAI CARD TI CONNETTI E SCOMMETTI	16/18/25/27/28/35/38/41	LU2005C00061 – 05/05/2005		Italy
TELEPOSTER	9/16		00797995 – 20/12/1999	Italy
VIVO!	9/16/37/42		00797996 – 20/12/1999	Italy
VIDEA	9/16		00804340 – 25/02/2000	Italy
VARENNE (lettering)	5/12/18/20/24/28/31/34	RM2001C002561 – 26/04/2001		Italy
VARENNE (image)	5/12/18/20/24/28/31/34	RM2001C002562 – 26/04/2001		Italy
VARENNE	5/12/18/20/24/28/31/34		002412237 – 10/12/2002	EC
VARENNE	5/12/18/20/24/28/31/34		196125 – 19/12/2002	U.S.A
SPORT ECONOMY (lettering)	16/35/36/38/41/42	MI2000C010426 – 22/09/2000		Italy
SPORT ECONOMY (image)	16/35/36/38/41/42	MI2000C011253 – 13/10/2000		Italy
E'SNAI	16/35/36/38/41/42	MI2001C004396 – 20/04/2001		Italy
BETTING SHOP	36/41		00782770 – 01/06/1999	Italy
CHIAMA LO SPORT	09/25/28/35/36/38/41		00843501 – 24/04/2001	Italy
ACCADEMIA DEL BINGO	16/25/28/41	MI2001C007585 – 10/07/2001		Italy
BETSI	9	1108583 – 05/07/2001		Canada
BETSI	9	76292995 – 31/07/2001		U.S.A
BETSI	9		002285948 – 08/08/2002	EC
BETSI	9		539.539 – 17/01/2003	South Korea
BETSI	9		96634 – 04/12/2001	Iran
BETSI	9		1.792.750 – 21/06/2002	China
BETSI	9	824108825 – 16/10/2001		Brazil
BETSI	9		725.941 – 30/11/2001	Mexico

Patents

Patent	Product categories	Filings/Date	Registration/ Date	Country of filing
BETSI (invention patent – gaming terminal)			1.328.479 – 14/07/2005	Italy
BETSI (invention patent – for ornamental model)		FI2001/0/000018 – 19/03/201	83.635 – 27/04/2004	Italy

Other trademarks owned by subsidiary companies, without significant value, are not listed.

6.5 Company's competitive positioning

The current gaming and betting market is characterised by a small number of operators (Sisal, Lottomatica, SNAI) who manage a large number of products, some on an exclusive basis (Superenalotto, Lotto, Totip) under existing licences, others concurrently with other operators.

Based on calculations made by the Company's management following completion of the Acquisition, a breakdown of the domestic market of horserace and sports bets, in terms of number of licence holders, is as follows: approximately one third of the Licences is held by SNAI; approximately another third is held by other licensees to whom SNAI provides services, and the remaining third is held by SNAI competitors.

Market shares, in terms of volumes of bets collected by SNAI, are shown in the tables below:

Game – Wager (in millions of euro)	2003		2004		2005	
	Total Market	SNAI Turnover	Total Market	SNAI Turnover	Total Market	SNAI Turnover
Lotto	6,937.83		11,689.15		7,314.76	
Superenalotto	2,065.52		1,836.66		1,981.77	
Prediction competitions	497.47	4.89	443.20	9.74	314.33	8.15
Totip	30.75		24.08		22.14	
Betting						
Horserace totaliser betting	2,310.71	1,743.26	2,262.00	1,693.18	2,139.84	1,547.37
Fixed-odds horserace bets and horserace bets linked to totaliser rates	n.a.	17.06	n.a.	20.88	n.a.	39.9
Fixed-odds sports bets	1,102.43	813.76	1,283.73	929.11	1,470.42	920.93
Fixed-odds betting controlled by Revenue Office	n.a.	14.43	n.a.	15.18	n.a.	12,29
Tris and National Horserace bets	602.23	113.45	595.68	111.45	563.69	111.82
F101	0.08					
Non-horserace totaliser bets before Big	n.a	0.61	n.a	0.62		
Non-horserace totaliser bets (Big)			0.56	0.05	43.80	2.67
Lotteries and Gratta&Vinci	281.81		500.00		1,500.00	
Bingo	1,257.43		1,541.91		1,600.00	
Entertainment equipment			4,000.00		10,500.00	965.00
Total	15,086.26	2,707.46	24,176.97	2,780.21	27,450.75	3,608.13
Snai turnover on total %		17.95%		11.50%		13.14%
Snai turnover on ref. products %		59.28%		59.83%		23.66%

Game – Wager (value in millions of euro)	1 st half 2005		1 st half 2006	
	Total Market	SNAI Turnover	Total Market	SNAI Turnover
Lotto	3,919.53		3,508.67	
Superenalotto	1,005.75		1,000.39	
Prediction competitions	177.95	4.23	151.68	4.00
Totip	10.66		7.88	
Betting				
Horserace totaliser betting	1,101.15	802.38	1,070.38	749.67
Fixed-odds horserace bets and horserace bets linked to totaliser rates	n.a.	19.01	n.a.	25.18
Fixed-odds sports bets	699.22	456.56	1,080.60	584.48
Fixed-odds betting controlled by Revenue Office	n.a.	4.83	n.a.	7.91
Tris and National Horserace bets	283.28	54.18	408.15	92.31
Non-horserace totaliser bets (Big)	26.66	1.50	17.20	1.10
Lotteries and Gratta&Vinci	560.36		1,760.00	
Bingo	715.30		870.00	
Entertainment equipment	4,725.00	434.25	6,517.00	692.52
Total	13,224,86	1,776.94	16,391.95	2,157.17
Snai turnover on total %		13.44%		13.16%
Snai turnover on ref. products %		25.00%		22.98%

As at 31 December 2005, the Company had a share of 13.14%³ of the total gaming and betting market, compared to a 11.50% share at 31 December 2004. As at 31 December 2005 the Company provided services to 519 horserace betting licensees and 539 sports betting licensees (compared to 531 and 571 respectively as at 31 December 2004). In this regard it should be noted that 450 of these licences are now held by SNAI.

SNAI's percentage out of the total market as of 31 December 2005 and as of the first half of 2006, compared with the same periods of the previous year, shows a decrease due to the different breakdown of market shares due to the need to account for revenues from slot machines.

As at 31 December 2005, the Company's market shares in the fixed-odds sports betting and totaliser horserace betting segments (the two top selling products for the Company) are equally affected by slot machine gaming volumes. However, SNAI is still the sector leader with 62.63% and 72.31% of the market, respectively.

During the year ended at 31 December 2005, the Company collected gaming and betting revenues for a total of EUR 3,608.13 million, with a 29.78% increase from previous year revenues amounting to EUR 2,780.21 million. The total market share for the year ended at 31 December 2005 was 13.14%, up from 11.50% in 2004; this increase is to be attributed to an exceptional increase in revenues from slot machines that occurred in 2005 and is unlikely to occur again.

The changes introduced by the Bersani Decree are bound to affect significantly the market in which the company operates. In particular, the assignment of new licences under the Bersani Decree will potentially increase the number of SNAI's competitors (and likely there will be an entry of foreign operators) as well as the coverage of gaming and betting related services throughout the territory.

³ The percentages indicated were calculated by SNAI on the basis of data provided by AAMS and data collected from the websites of SNAI competitors, such as Lottomatica and Sisal.

A description of SNAI's key competitors in the gaming market.

Lottomatica

Lottomatica S.p.A. ("Lottomatica") is the parent company of a group which operates, among other business areas, in the organisation, management, and implementation of games, lotteries and wagers, both in Italy and abroad. Specifically, as licensee of the Ministry of Economics and Finance, Lottomatica organises and manages the Lotto, Totocalcio and Totogol games; since March 2004 it also organises and manages deferred-draw lotteries and, as of June 2004, instant-draw lotteries. Additionally, since March 2004, Lottomatica has collected wagers for the Tris game.

After 2003, Lottomatica terminated the management of the Formula 101 game and some Bingo halls, and from 2004 the company started operating in the area of online connection of "slot machines".

Since 1999, Lottomatica has expanded its offering outside the gaming and betting market, providing different types of services through its computerised network (issuing of tickets, payment of utility bills and mobile phone credit, and other similar services). Lottomatica's collection network consists of approximately 35,000 tobacco shops and wager collection offices equipped with online connection terminals.

Lottomatica is owned, through FinEuroGames S.A.R.L., by the Luxembourg-based company De Agostini Invest S.A., holding company of the group by the same name.

Sisal

Sisal S.p.A. ("Sisal") is a company that operates in the organisation, management and implementation of prediction competitions and wagers.

Specifically, the company holds licences for the management of horserace and sports betting agencies, to which it also provides services through its subsidiary Matchpoint S.p.A., as well as other licences, issued by the Ministry of Economics and Finance, for the organisation and management of the Superenalotto, Totip, Totocalcio and Totogol games.

In particular, as regards the Totip game it should be noted that the assignment of the licence to Sisal was extended by Decree of the General Manager of AAMS dated 18 February 2005 for a period of eight months starting on 1 March 2005, i.e. until 1 November 2005. The licence was subsequently renewed by Decree of the General Manager of AAMS until 18 June 2006.

After 2003, Sisal terminated its management of the Formula 101 game, while it continued to collect wagers for the Tris game in Italy and abroad.

Since 2004, the company has also operated in the area of the online connection of slot machines.

Sisal also conducts activities which are related and ancillary to its core business, in the area of specialised publications and satellite television broadcasting, and uses its computer network to provide automated services to individuals and companies.

The Sisal network is comprised of more than 18,000 points of sale, mostly coffee bars (over 6,000), coffee bars / tobacco shops (over 6,000), and tobacco shops (over 3,000), as well as 101 Points of sale.

In the past, Sisal was jointly owned by the Molo family, holder of 70% of the capital stock, and by Meliorbanca S.p.A., Eurogiochi S.A. (a Luxembourg company) and Efibanca S.p.A. After a preliminary agreement signed in February 2005, the controlling interest in Sisal was transferred to Clessidra, a private equity fund, through a final agreement dated 20 September 2005.

Other competitors

In addition to Lottomatica and Sisal, it is worth mentioning a series of new entrepreneurial initiatives engaging in the online betting business, although these entities are currently subject to operating constraints due to the extremely stringent regulations on online bet collection.

The most active Italian companies in this segment are Newbet and Totosì.

Newbet manages directly 48 agencies affiliated with the “Strike” circuit, of which 21 hold both horserace and sports betting licences, while 27 hold only a sports betting licence, and offers the possibility to bet on all the sports included in the CONI and the UNIRE.

Totosì, through a licensee company for the collection of sports bets, offers the possibility to place online bets on the sports included in the CONI.

In the last few years, a number of online betting websites operated by foreign entities have successfully entered the market. Among these, the most notable are BETandWIN.com, a Gibraltar company owned by an Austrian group, which is conducting an effective advertising campaign on the major media, and Betfair.com, owned by a UK company, whose distinctive feature is the possibility to propose and accept wagers on a variety of sports and non-sports events.

VII. ORGANISATIONAL STRUCTURE

7.1 Description of the Group

The Company is controlled by SNAI Servizi, a company which, as at the date of this Prospectus, on the basis of the information recorded in the shareholders' register, holds 27,845,523 shares, representing approximately 50.68% of the Company's share capital. As indicated in the financial statement relative to the year ended 31 December 2005, SNAI Servizi carries out management and coordination activities for SNAI in accordance with Article 2497 and subsequent amendments of the Italian Civil Code.

The share capital in SNAI Servizi is held by approximately 220 companies including partnerships and limited liability companies, operating in the horseracing and sports betting sector, none of which, individually, exercises control over SNAI Servizi.

Companies affiliates with SNAI, i.e. companies controlled by SNAI Servizi, are Teleippica S.r.L., whose activities are detailed in paragraph 7.2. below, as well as Tvù + S.p.A. and S.N.I.R.C. S.p.A., both in liquidation.

SNAI has the following relationships with the parent company SNAI Servizi: (i) relations of a financial nature at the best market conditions and at rates essentially equivalent to the 3-month EURIBOR plus 4.5%; (ii) relations relative to the provision of legal services.

Relations with Teleippica S.r.L. consist of a contract for the provision of services for television broadcasting of information and data useful for the promotion of sports bets and support information for the collection of the same bets and horseracing bets. Remuneration for sports bets services is incurred by SNAI whilst services for broadcasting and carrying of the television signal for horseracing bets are regulated by a multi-year contract entered into with the UNIRE, which pays for the services. SNAI in turn grants Teleippica S.r.L., in return for the relative payment, the use of offices and rooms where the same company carries out its own production activities and provides the relative services to the same. The economic and asset impact of these relations are given in Note 29, Related Parties, of the explanatory notes to the Company accounting position in the six-monthly report of 30 June 2006.

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The key data from the SNAI Servizi financial statements for the - ended 31 December 2005 are given below, compared with the data relating to the previous year.

Balance Sheet		
Assets	31/12/2005	31/12/2004
<i>(in euro)</i>		
(A) Subscribed Capital Unpaid	9,928	6,552,694
(B) Fixed Assets:		
I Intangible Fixed Assets:	1,690	2,277
II Tangible Fixed Assets:	66,603	121,628
III Investments:	48,403,010	46,793,010
Total Fixed Assets (B)	48,471,303	46,916,915
(C) Current Assets:		
II Trade Receivables:	2,221,257	1,788,165
III Investments Which Do Not Constitute Fixed Assets	38,038	27,743
IV Cash On Hand And In Bank	781,255	327,902
Total Current Assets (C)	3,040,550	2,143,810
(D) Accrued Income And Deferred Expenses	964	48,143
Total Assets	51,522,745	55,661,562
Liabilities	31/12/2005	31/12/2004
(A) Capital And Reserves		
I Capital	38,394,898	28,461,160
II Share Premium Account	536	536
III Revaluation Reserve	0	0
IV Legal Reserve	1,274,687	1,274,687
V Statutory Reserve	0	0
VI Reserve For Own Shares In Portfolio	0	0
VII Other Reserves	2,317,089	11,389,321
VIII Profits (Losses) Carried Forward	0	0
IX Profits (Losses) For The Year	-1,175,422	-307,815
Total Capital And Reserves (A)	40,811,788	40,817,889
(B) Provisions For Risks And Charges	1,216,151	1,531,656
(C) Severance Pay	101,573	83,133
(D) Trade Payables	9,355,561	13,221,839
(E) Accrued Liabilities And Deferred Income	37,672	7,045
Total Liabilities	51,522,745	55,661,562
Memorandum Accounts		
Guarantees and bonds received or granted	54,396,705	48,359,205

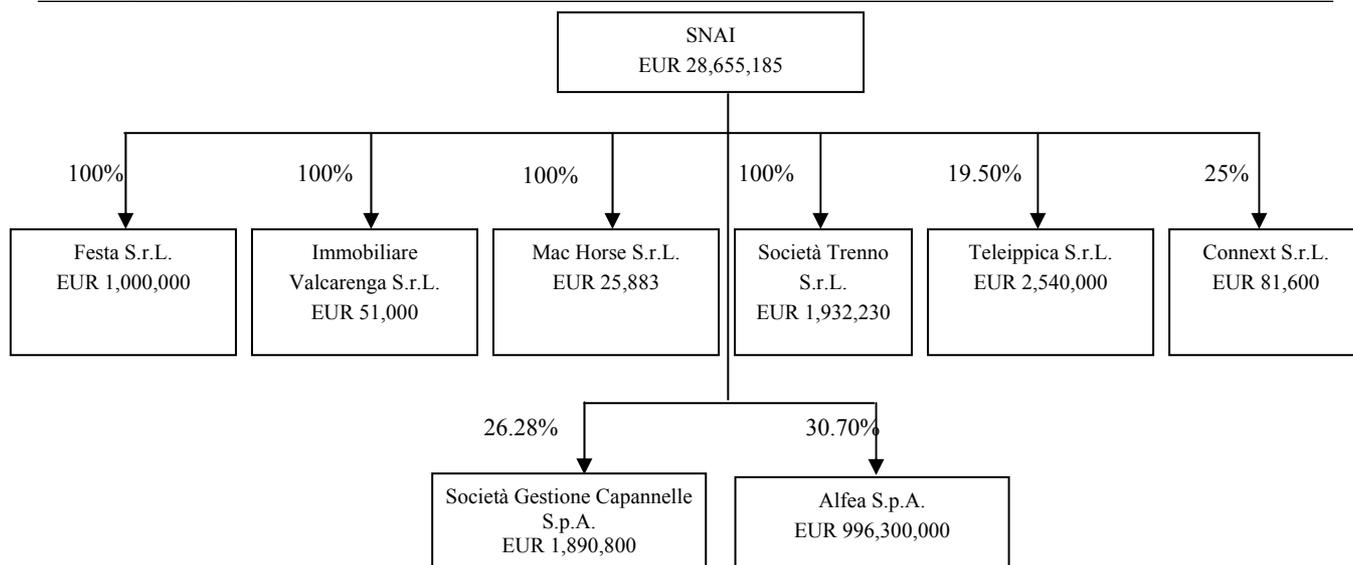
Profit and Loss Account		
<i>(in euro)</i>		
	31/12/2005	31/12/2004
(A) Value Of Production	688,989	2,620,966
(B) Costs Of Production		
7) for services	1,014,631	1,299,091
8) for leased assets	133,641	315,804
9) for staff:	424,961	401,513
10) depreciation and writedowns	59,378	78,958
12) provisions for risks	0	900,000
14) charges other than management charges	292,063	1,209,684
Total Costs Of Production (B)	1,924,674	4,205,050
Difference Between Value and Costs of Production (A-B)	-1,235,685	-1,584,084
(C) Financial income and charges	196,054	-248,302
(D) Value Adjustments iIn Respect Of Investments	10,296	12,187
(E) Extraordinary Income And Charges	-146,087	2,408,027
Result Before Tax (A-B+C+D+E)	-1,175,422	587,828
22) Current deferred and advance taxation for the year	0	895,643
23) Profit (Loss) For The Year	-1,175,422	-307,815

The financial statements for the parent company SNAI Servizi for the year ended 31 December 2005, containing information relative to the abovementioned relations with the Company, is included as part of the documents available to the public at SNAI headquarters and is incorporated in this Prospectus by reference.

7.2 Information on the Group

The Company, active in the collection and acceptance of bets as well as in the supply of goods and services at bet acceptance points, also undertakes the role of operational Group holding company. As at 31 December 2005, the Company also held shares in Teseo S.r.L. (shareholding of 70% of the share capital with a book value of EUR 723,040), La Televisione S.r.L. (formerly SNAI Sat S.r.L., shareholding of 84.46% of the share capital with a book value of EUR 175,476), Risto Misto S.r.L. (formerly SNAI Food S.r.L., shareholding of 100% of share capital with a book value of EUR 50,000) and SNAI Promotion S.r.L. (company with share capital of EUR 50,000 entirely held by the same company Società Trenno), all companies in liquidation. On 15 March 2006, the Company was one of the founders Solar S.A., a company established under Luxembourg law, and subscribed 30% of its share capital.

The diagram below details the operational companies of Group as at 31 December 2005 along with their company capital.



The following clarifications are given: (i) in relation to Teleippica S.r.L., the remaining shareholding of 80.5% is held by the parent company SNAI Servizi; (ii) in relation to Connex S.r.L. the remaining shareholding of 75% is held by 5 individual shareholders who also carry out operational activities within the Company; (iii) in relation to Società Gestione Capannelle S.p.A., the remaining shareholding of 73.16% is owned by eleven individual and company shareholders, all directly involved in horseracing activity; (iv) in relation to Alfea S.p.A. the remaining shareholding of 69.30% is held by approximately two hundred shareholders. These shareholders include San Rossore Finanziaria S.r.L. which, in its capacity as majority shareholder, controls Alfea S.p.A., holding 56.72% of the share capital. The Company has not stipulated any shareholders' agreements with any of the foregoing shareholders.

A brief description of each of the companies detailed in the diagram, and of their respective activities follows.

Subsidiary companies.

Festa S.r.L. is a limited liability company crested under Italian Law with registered office in Porcari (Lucca), Via L. Boccherini 39 and stock capital of EUR 1,000,000, entirely held by SNAI, involved in the management of collection of electronic bets (telephone, internet, text messaging, and through the Giocasport – SNAIcard cards) on behalf of SNAI Licensee Points.

It also carries out help desk and call centre activities on behalf of SNAI to support SNAI Points, sales points for lottery competitions and legal gambling on gaming machines. In 2005, after having adopted a specific resolution to extend its corporate purpose, it acquired a horseracing licence and a sports licence attaining direct control of the same licences in order to fully implement its technical capacity for acceptance and management of electronic and telephone bets, while continuing to maintain its technical capacity for servicing third party licensees within the same area of activity. In particular it offers telephone help services, information technology and technical support relative to the individual activities of SNAI Points.

Since June 2004, it has also been providing operational services for collection of bets sent in by text messaging. Since 2004, it has been in a position to fully develop its activities and it has acquired numerous active contracts which are producing sales revenue, thanks also to the progressive distribution of the GiocaSport card and SNAIcard. Revenue for the first six months of 2006 reached EUR 3,338,000, an

increase compared with EUR 1,807,000 for the first six months of 2005, with EUR 949,000 attained from residual income from the horseracing licence and the sports licence sold to SNAI, licences previously directly managed from the first half of June 2005 until 15 March 2006. Net profit achieved was EUR 263,000 compared with a loss of EUR 33,000 for the first six months of 2005. As at 30 June 2006, the company employed 56 employees.

Società Trenno S.r.L., established on 27 July 2006, originally under the name Sport & Spettacolo Ippico, it changed its name to the current name on 20 September 2006, following a resolution by the extraordinary meeting of shareholders. It is a limited liability company with registered office in Milan, via Ippodromo 100 and stock capital of EUR 1,932,230.00, wholly owned by the Company. The business unit broken up from Società Trenno S.p.A. was transferred to the Company prior to its merger with the Company (see 5.1.5 a). The company is active in the management of racetracks belonging to the Group in Milan (trot and gallop) and Montecatini (trot), following the break-up in its favour of the relative business unit within the scope of the merger between the transferor Trenno S.p.A. and the Company, as described in Chapter V, paragraph 5.1.5 b) “Future programmes”.

In addition, within the framework of the agreement with the UNIRE, the company organises the collection, against payment of a fee calculated annually on the volume of bets collected, both outside and within the racetracks, of horseracing bets, as well as the management of the race training centre at Milan San Siro. In addition to payments for the organisation of horse races, Trenno derives other revenues from the UNIRE including:

- remuneration for the television signal broadcast to the bet acceptance points for races taking place within the racetrack (payment is proportional to the volume of bets collected on races taking place at the racetracks);
- national grants in years and divided up between the various racetracks for the improvement of technical structures;
- contribution towards management expenses for the Milan training centre defined on the basis of technical functionality parameters.

The company obtains other income associated with racetrack entry, rental for various rental activities within the same (e.g. restaurants, parking, etc.) and making available areas and structures for exhibitions and events.

The institutional framework for the horseracing division is currently evolving. In particular since 1 March 2004, the UNIRE did not extend the previous agreement, and communicated that, from that date onwards, revenues recognised to the racetracks would be on an advance basis. In the first few months of 2006, it reached the final phase of discussions with the UNIRE for the new agreement between the UNIRE and the Racing Companies. The agreements arrived at with the UNIRE, together with possible projections based on the new convention, enable recognition as definite income for 2005 of at least that amount already paid by the UNIRE by way of advance, which, moreover, is already promptly paid on a monthly basis. In addition, these assumptions enable the contributions for the training centre to be considered as definite, at least for the amounts already recognised in previous years.

The company employs 171 employees.

Immobiliare Valcarenga S.r.L. is a limited liability company under Italian law with registered office in Milan, Via Ippodromo 100, and stock capital of EUR 51,000. The company is active in the supply of support services for Trenno horseracing equipment through the leasing of capital goods. In 2005 its activity also continued along the traditional lines of support for Trenno horseracing equipment through the leasing of its capital goods. The accounting position as at 30 June 2006 shows a net profit of EUR 3,000 (compared to loss of EUR 29,000 for the first six months of 2005) which is achieved after having applied depreciation of EUR 27,000 (compared to EUR 26,000 for the first six months of 2005). The cash flow generated from management activities was EUR 30,000 (compared to EUR 23,000 for the first six months of 2005) on a turnover of EUR 45,000 (EUR 47,000) of which EUR 30,000 (EUR 30,000) is intra-group. The result for the period and the asset and financial structure also leads to forecasting of a positive net result for the current year, in line with the 2005 result. As of 30 June 2006, the company did not have employees.

Mac Horse S.r.L., is a limited liability company under Italian law with registered office in Porcari (Lucca), Via L. Boccherini 39, became part of the SNAI Group on 24 February 2004 following the acquisition of 100% of its stock capital, equivalent, at the date of this Prospectus, to EUR 25,883. The company is active in the publishing sector and, in particular, is involved in the circulation and distribution of information and news to support the collection of bets by producing posters and managing archives associated with racehorse services. This activity, carried out exclusively in the interests of the Group, is considered as a strategic and functional component of the Group's know-how. Against revenues of EUR 308,000 as at 30 June 2006 (compared to EUR 286,000 for the first six months of 2005) deriving predominantly from the parent company, the accounting position as of 30 June 2006 ended with a net profit of EUR 74,000 (compared with EUR 73,000 as of 30 June 2005). As at 30 June 2006 the company employed 7 employees.

Affiliates

Connex S.r.L. is a limited liability company under Italian law with registered office in Porcari (Lucca), Via Capannori, 129 and stock capital of EUR 81,600, with 25% held by the Company. The company is active in the marketing and installation of information technology systems and equipment and, during the course of the year ended 31 December 2005 invoiced approximately EUR 627,000, producing a net profit of EUR 3,000. As of 31 December 2005 the company employed 3 employees.

Società Gestione Capannelle S.p.A. is a joint stock company under Italian Law with registered office in Rome, Via Appia Nuova 1255 and share capital of EUR 1,890,800, with 26.28% held by the Company following the merger with Società Trenno S.p.A. The company is active in the management of the Capannelle Racetrack and the associated training centre which, as of 31 December 2005, had invoiced approximately EUR 10,870,000, generated a loss of approximately EUR 598,000 and employed 80 employees.

Alfea S.p.A.- Società pisana per le corse dei cavalli is a joint stock company under Italian law with registered office in Pisa, Viale delle Cascine 153 and share capital of EUR 996,300, with 30.70% held by the Company following the merger with Società Trenno S.p.A. The company is active in the management of the Pisa Racetrack (S. Rossore) and the associated training centre. As at 31 December 2005 it had invoiced EUR 5,475,000 and generated profits of approximately EUR 932,000. As at 31 December 2005, it employed 25 employees.

Other shareholdings

Teleippica S.r.L. (“Teleippica”) is a limited liability company under Italian Law with registered office in Porcari (Lucca), Via L. Boccherini, 39 and stock capital of EUR 2,540,000, created in June 2004 following the acquisition of a business unit from TIVU+ S.p.A. The company, active in the area of television broadcasting, guarantees Betting Points a service for carrying, processing and broadcasting of video and audio signals emanating from Italian and foreign racetracks by means of its own wireless network, largely digital, comprising microwave radio bridges present throughout Italy. The signal gathered at the racetracks is transmitted by satellite through the channels that it leases from Telecom Italia S.p.A. In February 2005 the Company was awarded the new the UNIRE tender for the collating and broadcasting, for a period of six years, of images of horseraces from all the Italian racetracks with annual revenues of approximately EUR 10 million. On 21 July 2005, the general meeting of Teleippica shareholders resolved to increase the stock capital from EUR 540,000 to EUR 2,540,000; and SNAI subscribed to the increase for its own share of EUR 390,000, equal to 19.50%. As at 31 December 2005, the company achieved revenues of EUR 619,065 and a net profit of EUR 17,491,000 (profit calculated before tax). As at 31 December 2005, Teleippica employed 34 employees.

VIII. PROPERTY, PLANT AND EQUIPMENT

8.1 Tangible fixed assets

The table below lists the main real assets owned by the Group as at the date of this Prospectus.

Company	Location	Area (m ²)	Use
SNAI	Milan – Via Ippodromo 100	10,000	Offices, fields and paths
SNAI	Milan – Via Ippodromo 41	4,806	Paddocks, residences, fields and paths
SNAI	Milan – Via Ippodromo 51	7,670	Paddocks, residences, fields and paths
SNAI	Milan – Via Ippodromo 134	60,000	Paddocks, residences, fields and paths
SNAI	Milan – Cottica Horseracing Centre	58,620	Paddocks, residences, fields, paths and other
SNAI	Milan – Trenno Training Track	410,500	Tracks
SNAI	Milan – Maura Training Track	250,000	Tracks
SNAI	Milan – Via Rospigliosi 43	20,919	Paddocks, fields, paths
SNAI	Milan – Viale Caprilli 30 (gallop)	16,013	Racetrack grandstand and grandstand service area
SNAI	Porcari (LU) – Via Boccherini 39	3,920	Offices, shops and other uses
Valcarenga	Milan – Via Ippodromo 165	27,100	Paddocks, residences, fields, paths and other
SNAI ⁽¹⁾	Milan – Viale Caprilli 30 and Via Ippodromo 67 (gallop)	575,434	Paddocks, residences, fields, paths and other
SNAI ⁽¹⁾	Milan – Via dei Piccolomini 2 (trot)	130,865	Tracks, racetrack grandstand, paddocks, residences, fields, paths and other
SNAI ⁽¹⁾	Montecatini Terme – Trot Racetrack	154,142	Tracks, racetrack grandstand, paddocks, offices, residences, fields, paths and other

⁽¹⁾ SNAI is the owner following the merger with Trenno S.p.A. Within the scope of the abovementioned SNAI Group restructuring the loan realisation periods for the parent company were made compatible with those of the restructuring project which had already anticipated the merger of Trenno into SNAI, subject to the breaking away of this business unit pertaining to horse racing and property management (see Chapter V, Paragraph 5.1.5 b). In this context, and in compliance with the Loan Agreements certain property transfers were implemented from Trenno to SNAI and, in particular, the ownership of properties forming part of the Milan Trot territory were transferred for a payment of EUR 32.4 million, the property portfolio represented by the Montecatini Terme racetrack for a payment of EUR 13.2 million as well as the use of properties forming part of the Milan Gallop territory, for a payment of EUR 14.9 million. In order to guarantee the financing agreed by the parent company to procure the financial resources required for implementation of the plan, a series of guarantees were established in favour of the lending banks, including mortgages on the bare ownership of the San Siro gallop property complex and the guarantee on current accounts, which will be effective in the event of a breach by SNAI of the obligations provided for in the Loan Agreements.

The table below lists the other material tangible fixed assets owned by the Group as at the date of this Prospectus. These tangible fixed assets are not covered by pledge or subject to encumbrances.

Data in EUR

Company	Asset description	Location	Type of holding	Residual value as of 31 December 2005
SNAI	Slot machines	Throughout Italy	Owned	1,538,287,32
SNAI	Betsy terminals provided in <i>commodatum</i> at no cost to Betting Points for bet acceptance	Throughout Italy	Owned	355,469,41
SNAI	GPRS modem equipment for networking slot machines.	Throughout Italy	Owned /Leased	306,338.00
Trenno S.r.L.	Automatic irrigation plant for the gallop race track	Milan	Owned	688,051.25
Trenno S.r.L.	Lighting equipment for the gallop race track	Milan	Owned	447,358.13
Trenno S.r.L.	Lighting equipment for the gallop track	Milan	Owned	44,143.30
Trenno S.r.L.	Maxi-screen for projection of gallop races with attached unit for control and programming of races	Milan	Owned	280,448.80
Trenno S.r.L.	Electronic totaliser comprising the network and terminal for the collection of wagers	Milan	Owned	0
Trenno S.r.L.	Electronic totaliser comprising the network and terminal for the collection of wagers	Montecatini Terme	Owned	0

8.2 Environmental issues

As at the date of this Prospectus the company is not involved with any environmental issues which might affect the current use of its tangible fixed assets. However the areas of the S. Siro training centre owned by SNAI as well as those of the gallop racetrack, the bare property of which is owned by Trenno, are currently subject to an environmental restriction by the South Milan Park and the Ministry for Cultural Heritage, and the current use of the property as a sports and recreation centre for events must be maintained.

IX. SUMMARY OF THE OPERATING AND FINANCIAL POSITION

9.1 Financial position

The tables summarising the net consolidated financial position for the Group for the periods ended respectively at 30 September, 30 June 2006 and for the year ended 31 December 2005 are in Section Two, Chapter XXVII, Paragraph 27.2 of this Prospectus.

For a description of the financial position of the Company for the years 2003, 2004 and 2005 and for the first six months of 2006, see Chapter XX of this Prospectus.

9.2 Operating management

9.2.1 *Significant factors which have influenced SNAI Group income*

In relation to important factors which have significantly influenced SNAI Group income, refer to the information given in the Company financial statements for the years ended 31 December 2003, 31 December 2004 and 31 December 2005, as well as the six-monthly report for the Company as of 30 June 2006, mainly highlighting the following.

From 2003, SNAI was one of the licensees selected by AAMS as a provider of services for new sports betting competitions, Totocalcio and Totogol.

From June 2004, the Company became the owner of the licence for the implementation and operational management of the network for electronic management of gaming using slot machines, as a service provider, together with other operators.

Commencing in the first six months of 2005, AAMS assumed the direct management of the betting market, creating a strong commercial push, in particular with the extension of gaming programs, with “live” bets and bets on non-sporting events. In addition, regulatory interventions, which had already been introduced in 2003, have led to a reduction in taxation of more than 10%. Given these conditions, the Italian market has become the main territory for business expansion of European bookmakers. At the same time, indications in relation to development of the market are such as to lead to consider that this will see a consolidation of the presence of larger and more structured operators. In order to make the most of this new information, the Company has identified a new strategic direction centred on taking on the role of licensee.

During the first six months of 2006 the Company, on the basis of this new strategic direction has concluded the Acquisition, as described in detail above in Paragraph 5.1.5 a) “Acquisition”. Management of the Sales Point has been left to the Former Licence-Holders in return for a percentage payment of the wager accepted. In this way the Company has been assured professional and timely management of the Sales Point, acquired through years of experience, guaranteeing the end consumer continuation, without a continuity solution, of a tried and tested relationship with the manager of the same Sales Point. By means of this operation, SNAI has become a bookmaker to all effects and purposes and can rely on a network which includes the most important Sales Points operating in the territory and on bet collection volumes which it is estimated can reach approximately EUR 1,200 million per year.

In this way the Company has been able to take advantage of the opportunities created by the new regulatory framework in the sector, as described better in Paragraph 9.2.3 of this Prospectus, and it has benefited from all the additional effects resulting from the Acquisition. The synergy of these elements has enabled the value

of production to increase significantly without significant increases in the Company fixed cost structure, which has utilised existing human resources, know-how and technologies. At the same time the Company has formalised Agreements with the transferring Former Licence-Holders for the management of all activities associated with the collection, encashment and payment of bets, providing remuneration for the services received on the basis of a percentage on volume of bets accepted, as described better in Chapter XXII of this Prospectus.

On a consolidated level, the aforementioned Acquisition has significantly modified the value of production, the margin, intangible fixed assets and medium-long term indebtedness. The gross consolidated operating margin has reached EUR 22,180,000, increased by 144% with respect to the first six months of 2005 (EUR 9,099,000 in 2005) also due to further growth in the activities relating to slot machines. The increase in margins, both at statutory and consolidated level, derives essentially from the increase in revenues resulting from the new licence activity which has been added to the traditional activity of service supplier to licensees and connection services for slot machine activities.

In order to obtain the financial resources required for the acquisition in due time, the Company signed Loan Agreements for an amount of EUR 310 million, with first-class, international financial institutions with a resultant significant increase in net finance charges. For more information on the Loan Agreements, see Chapter XXII of this Prospectus.

During the first months of operation as a licensee, the company obtained particularly positive results in terms of Movement, while profitability has been in line with expectations, except for the period during which the football World Cup took place, which, with the sports results favouring the favourite teams first and particularly with the victory of the Italian national team, significantly reduced the profitability of bets on that event. In particular, this event contributed in terms of volume collected during the six-month period to the extent of EUR 55.1 million and produced a reduction in the margin of contribution, calculated in accordance with the table set out below of EUR 4.9 million.

However, affinity with the event on the one hand and the favourable results for bettors on the other hand, created an exceptional promotional opportunity for the betting world to approach a public that is generally “non-betting”.

The following table gives certain economic indicators for operating management as at 30 June 2006 for the various SNAI activities. In particular the table enables collating of the existing relationship between volumes collected, revenues and relative operational costs for each type of activity. It is highlighted that the financial data given below is strongly influenced by the Acquisition, the economic effects of which have only been consolidated commencing 16 March 2006. In particular, the financial data inherent in horseracing and sporting data are only considered starting from 16 March 2006, while the other data is considered in relation to the entire six-month period.

Main economic indicators as at 30 June 2006									
<i>(million euro)</i>	Sports bets	Horseracing bets	Total bets	Service provider	Slot machines	Subtotal	Racetracks⁽⁴⁾	Other⁽⁴⁾	Total
Net movements (volumes collected)	158.2	225.3	383.4	976.9	677.9	2,038.2	n.s.	n.s.	n.s.
Revenues	158.2	35.9	194.1	11.6	11.7	217.4	12.3	7.7	237.4
Costs relative to winning bets ⁽¹⁾	-125.7	-7.2	-132.9			-132.9			-132.9
Payments made to SNAI Point Managers ⁽²⁾	-12.7	-17.9	-30.6		-4.9	-35.5		-0.1	-35.6
Taxes on bets ⁽³⁾	-12.2	-1.5	-13.7		-2.1	-15.8		-0.2	-16.0
Margin of contribution	7.5	9.3	16.9	11.6	4.8	33.2	12.3	7.4	52.9
Margin of contribution (% Net movements)	4.8%	4.1%	4.4%	1.2%	0.7%	1.6%	n.s.	n.s.	n.s.
Margin of contribution (% Revenues)	4.8%	26.0%	8.7%	100.0%	40.9%	15.3%			22.3%

⁽¹⁾ reimbursable tickets are also included in this heading.

⁽²⁾ costs are included in the Slot Machines sector relative to Managers (6% of the movement) and maintenance (2.5% of the movement), the Other sector includes commission to SISAL for lottery competition activity.

⁽³⁾ in the reference and fixed-odds sports betting and horseracing betting sectors, the consolidated is included; the reference and fixed-odds sports betting and horseracing betting sectors also includes the horseracing bets levy; the slot machines sector includes the licence cost of 0.30% on the movement.

⁽⁴⁾ the Margin of Contribution does not consider characteristic direct costs for these activities.

The following tables provide information for the first nine months of 2006 in the aggregate, and solely the third quarter of 2006 on the contribution to consolidated values of the bet collection business and of the services associated with the sector known as “betting services”, of the horseracing and sports licences business known as “licences”, of the bets acceptance business at racecourses owned by the Group and of the business connected with their management known as “racecourse management”. The sector earnings include the income for the sector and all the costs directly or indirectly attributable to it.

The sector earnings do not include income from the sale of software and technology, structures and other income not included in the three specific businesses. Consequently, the specific sectors do not include the costs connected with income previously stated, nor to they include the general and administrative costs not attributable directly to the three main businesses but to the governance of the company as a whole.

Note that the first of the following tables includes the economic and financial effects that also relate to the six-month period referred to in the table above, because they are progressive values from January 2006. By deducting the economic and financial effects of the third quarter, shown in the second table, from the financial statements as at 30 September 2006, we can show the economic and financial effects of the first six months.

PROFIT AND LOSS ACCOUNT BY BUSINESS SECTOR AS AT 30 SEPTEMBER 2006												
(in thousands of euro)	Betting services		Racecourse management		Licences		Others		Eliminations		Consolidated total	
	30/09 2006	30/09 2005	30/09 2006	30/09 2005	30/09 2006	30/09 2005	30/09 2006	30/09 2005	30/09 2006	30/09 2005	30/09 2006	30/09 2005
Sector income	42,056	42,559	20,485	18,030	339,041	0	2,972	2,664	0	0	404,554	63,253
Inter-secto income	1,252	213	27	73	0	0	12	144	-1,291	-430	0	0
Operating result	12,004	15,374	2,804	673	11,263	0	-9,291	-8,545	0	0	16,780	7,502
Depreciation and writedowns	2,236	2,319	2,940	3,211	16,289	0	617	1,031			22,082	6,561

PROFIT AND LOSS ACCOUNT BY BUSINESS SECTOR – III QUARTER 2006												
(in thousands of euro)	Betting services		Racecourse management		Licences		Others		Eliminations		Consolidated total	
	III Quarter 06	III Quarter 05	III Quarter 06	III Quarter 05	III Quarter 06	III Quarter 05	III Quarter 06	III Quarter 05	III Quarter 06	III Quarter 05	III Quarter 06	III Quarter 05
Sector income	12,276	13,053	8,251	5,472	144,783	0	1,574	1,574	0	0	166,8844	20,099
Inter-secto income	513	66	-37	24	0	0	-52	35	-424	-125	0	0
Operating result	2,657	4,496	2,409	645	4,387	0	-2,234	-2,295	0	0	7,219	2,846
Depreciation and writedowns	720	665	993	1,112	7,546	0	197	364	0	0	9,456	2,141

The “licences” section includes all the bets, including both fixed-odds bets (where the licence holder holds the bank) and totaliser bets (where the bank is held by the Ministry of Finance), accepted by Manager SNAI Points following the Acquisition of the 450 “licence” Business Units. The risk on fixed-odds bets is borne by the licence holder, given that the license holder will have to pay out the winnings and taxes, while there is no risk in totaliser bets for the license holder insofar as the licence holder simply receives a percentage of the movement of bets.

As at 30 September 2006, income from fixed-odds bets amounted to EUR 294,844,000, while the costs relating to these bets amounted to EUR 231,541,000 for winnings paid out, EUR 382,000 for refunds paid, EUR 22,421,000 for the consolidated tax (*Imposta Unica*) and EUR 1,851,000 for the UNIRE levy.

In the first nine months of 2006, the income from fixed-odds bets amounted to EUR 125,797,000, while the costs of these bets amounted to EUR 98.355,000 for winnings paid out, EUR 214,000 for refunds paid, EUR 9,661,000 for the consolidated tax and EUR 862,000 for the UNIRE levy.

We should point out that the football World Cup began in June 2006 and ended on 9 July, 2006. This championship takes place every four years.

On 29 September 2006, the deed was signed for merger of Trenno into SNAI, as described in detail in Paragraph 5.1.5 a) of this Prospectus. The merger was considered to be of reduced significance considering the fact that SNAI already held 96.49% of the share capital of Trenno, and that Trenno data has already been fully reflected in the consolidated Group accounts.

With regard to regulatory factors which have influenced SNAI Group profit, refer to Paragraph 9.2.3 below of this Prospectus.

9.2.2 Significant variations in SNAI Group sales or earnings

During the year ended 31 December 2003, the value of production diminished, going from EUR 88,093,000 in 2002 to EUR 71,798,000 in 2003, with a reduction of EUR 16,295,000. This drop is essentially caused by reduction in revenues for technology sales and fitting out of new Bingo halls.

During the year ended 31 December 2004, the value of production increased, going from EUR 71,798,000 in 2003 to EUR 76,169,000, an increase of EUR 4,371,000, recording an increase of 6.1%. The increase is essentially due to revenues resulting from the provision of services for collecting bets and the new service activity for slot machines which compensated for the lesser revenues from technology sales and fitting and for the first plant in the new Bingo halls, making a positive contribution.

The net income from sales and services for the SNAI Group for the year ended 31 December 2005, increased to EUR 80,229,000 with respect to EUR 69,267,000 for the previous year (with an increase of 15.8%); net financial charges are equal to EUR 2,191,000, reduced with respect to EUR 2,584,000 for 2004, which included charges from shareholdings of EUR 1,117,000.

During the first half of 2006, on assumption of the role of licensee, the Company benefited from a significant increase in the value of production and the resultant effects due to the Acquisition, which also led to an increase in the value of intangible fixed assets and medium-long term indebtedness.

The value of production of the SNAI Group for the six-month period ended 30 June 2006 increased over 6 times, going from EUR 43,019,000 to EUR 237,987,000. The increase of EUR 194,968,000 is essentially due to income resulting from the new activity of licensee.

The new betting licensee activity has had a significant impact on both economic and financial aspects of the Company. The variable part of the profit is represented by fixed-odds betting and among these sports bets make up the major part. The management of risk activity typical of a bookmaker benefits from the Company's positive experiences of previous years as a service provider and in the current situation it is producing good operating margins.

9.2.3 Main governmental, economic, fiscal, monetary or political factors able to significantly affect the Company's activity

In relation to any governmental, fiscal, monetary or political factors which have significantly affected the Company's activity, refer to the information provided in the Company financial statements for the years ended 31 December 2003, 31 December 2004 and 31 December 2005, as well as in the Company six-monthly report as at 30 June 2006.

The year 2003 was characterised by a significant drive towards reorganisation of the sector, with the regulation of certain important issues for the entire division, foremost being the well-known position of the so-called "minimum guarantees". By this term is meant the tax levy due by each horseracing and sports betting licensee, determined using a calculated percentage on the offer presented for the purpose of awarding the horseracing and sports license and on the wager volume collected by the licensee. Law 200 of 1 August 2003, recalculated the minimum guaranteed amounts both for previous years (2000, 2001 and 2002) and for the remaining years of the existing licence. Law 200 also provides for improvement in the economic

framework of the licensees, with an increase in the payment to the same licensees and extension until 2011 of current licences for compliant licensees. The set of regulations introduced also provides for the possibility of transfer of licences and the scope for the licensee to extend the scope of activity to new services and products.

In 2005, the gaming and betting sector was characterised by the introduction by a set of standards and regulations by AAMS, which significantly revitalised the entire sector, by adapting it to contingent requirements of the reference market discarding the premises for further development of the same sector.

To these new standards mentioned above and already detailed in the report to the 2005 financial statement, to which reference is made, the following additional important provisions were added in the first half of 2006 in relation to gaming and betting:

- Regulation by the Ministry of the Economy and Finance of 31 January 2006 aimed at bringing about improvements to current regulations in relation to sports based lottery competitions.
- Decree by AAMS General Manager of 7 February 2006 aimed at inhibiting illegal and unauthorised acceptance of wagers and bets carried out by operators without authorisation or which accept bets or other wagers in Italy by transferring the stakes abroad.
- Decree by the Ministry of the Economy and Finance of 1 March 2006, no. 111 containing regulations aimed at the reorganisation of fixed-odds bets on sporting events other than horse races and on non-sporting events.
- Decree by AAMS General Manager of 21 March 2006 which coherently and organically defines regulations for the remote collection of bets from Bingo and lotteries.
- Decrees by AAMS General Manager of 12 May 2006 and 30 June 2006 which approve the conventions for accessing licences for the operation of totaliser and fixed-odds bets on horseracing and sporting events, other than horse races, and on non-sporting events.

Subsequently on 4 August 2006, the government issued the Law Decree of 4 July 2006, converted to Law no. 741 of 2 August 2006, the so-called Bersani Decree, which commenced the process aimed, among other things, at the liberalisation of the gaming and betting sectors, to be implemented by means of Tenders for the purpose of awarding licences.

In implementation of the above decree, AAMS issued two Invitations to Tender with the respective objectives of awarding a licence for the operating of public gaming based on horseracing (Article 38, Paragraph 4) and those for events other than horse races (Article 38, Paragraph 2) through activation of distribution networks and related operations.

By Decree of the General Manager of AAMS of 28 August 2006, the convention schemes for awarding licences for public gaming as set out in Article 38 Paragraphs 2 and 4 of the Bersani Decree were approved.

For a description of the Bersani Decree, the Tenders and the conventions, refer to Paragraph 6.1.1 b) of this Prospectus, relating to the Regulatory Framework.

X. FINANCIAL RESOURCES

10.1 Company's Financial Resources (short-and long-term)

As at the date of this Prospectus, SNAI has the following credit lines.

The first credit line, opened with a bank in the UniCredito Italiano Group, was normally used in relation to SNAI.com activities for factoring of invoices. It is pointed out, however, that following the incorporation of SNAI.com into the Company during 2002, this credit line has essentially not been used any further and no movements are recorded commencing from the month of September 2002. Currently, no amount is outstanding under this facility.

The second line of credit, opened with Credito Artigiano, is used by the Company to obtain cash flexibility to an extent of EUR 1,000,000. The line of credit, used only once in the month of July 2005 for an amount of EUR 400,000, has, at the date of this Prospectus, been repaid in full.

At the date of this Prospectus, the consolidated debt relative to the Consolidation Agreement, described in greater detail in Chapter XXII, has been completely repaid by SNAI utilising the liquidity obtained under the Loan Agreements.

In order to obtain the financial resources necessary for the Acquisition, as well as to settle the remainder of previous loan agreements, including the Consolidation Agreement, and to provide working capital, the Company entered into two related loan agreements, the Senior Loan Agreement and the Junior Loan Agreement.

The Senior Loan is divided into tranche A of up to EUR 96.5 million ("Tranche A") and tranche B of up to EUR 170 million ("Tranche B"). The Senior Loan has a duration of five years, or up to 15 March 2011. The interest rate applied to the Senior Loan is equal to the 3-month EURIBOR plus by a margin which for Tranche A will equal 2.75% per year, while for Tranche B it will be 5.15% per year. This margin may be reduced by 0.25% for Tranche A and 0.5% for Tranche B if the Company reaches specific levels agreed for the ratio between overall net indebtedness and the annual gross operating margin (EBITDA).

The Junior Loan obtained by the Luxembourg company Solar S.A., controlled by FCCD Limited, a company under Irish Law, in which the company holds a shareholding of 30%, is equal to EUR 43.5 million and has a duration of five years, or up to 15 March 2011. The interest rate applied to the Junior Loan is equal to the 3-month EURIBOR plus a margin of 14.30% per year. This margin may be reduced by 0.5% if the Company reaches specific levels agreed for the ratio between overall net indebtedness and the annual gross operating margin (EBITDA). The Junior Loan will be fully repaid on expiry and in any event subordinatedly on the repayment of the Senior Loan in full.

On 21 March 2006, the Company received disbursement of the first part of the two tranches of the Senior Loan and the Junior Loan for a total amount of approximately EUR 175 million (of which EUR 23.7 million under the Junior Loan). The sums requested in this way were received respectively on 21 and 24 March 2006.

On 31 March 2006, the Company received disbursement of the remaining EUR 135 million under the two tranches of the Senior Loan and the Junior Loan. The abovementioned amount was credited, with an amount of EUR 116 million relating to the Senior Loan on 5 April 2006, and an amount of EUR 19 million relating to the Junior Loan, on 15 April 2006.

Further information in relation to the Loan Agreements can be found in Chapter XXII of this Prospectus.

It is pointed out that in the context of the Company's participation in the Tenders, the Company requested UBI to grant short and medium term guarantees in accordance with the Tenders. For this purpose, on 20 October 2006 the Company signed the Guarantee Agreement with UBI pursuant to which UBI granted the Company a short- and medium- term guarantee facility for a maximum total amount of EUR 140 million.

For further information in relation to the Guarantee Agreement see Chapter XXII of this Prospectus.

Treasury management results from the Company's new capacity as licensee. In particular, on a weekly basis summary schedules are prepared of the cash movements of bets and payment of winnings net of reimbursements and cancellations carried out by the individual Licences through the Betting Point managers. The balance of the abovementioned cash movements, net of the percentage recognised for remuneration of manager services, is debited to the SNAI Point manager and cashed either by RID (*Rapporti Interbancari Diretti* – Direct Interbank Relations) or direct transfer within the week in which the above schedules are prepared. The balance includes betting tax on any wins not collected by bettors within the expiry period for encashment in addition to margins relating to SNAI. At the anticipated fortnightly and monthly due dates, the Company arranges to lodge respectively the net UNIRE levy and the consolidated tax due to the tax authorities.

On 31 December 2005, the Group had a net worth of approximately EUR 83.9 million; at the same date net consolidated financial indebtedness was approximately EUR 32.6 million.

On 30 June 2006, the Group had a net worth of approximately EUR 81.7 million; at the same date net consolidated financial indebtedness was approximately 274.5 million.

The table below shows own funds and indebtedness at a date not earlier than ninety days before the date of approval of the Prospectus, prepared following the guidelines proposed by Recommendation CESR 05-054b of February 2005.

<i>(in thousands of euro)</i>	30.09.2006	30.06.2006	31.12.2005	30.09.2005	30.06.2005
Amounts owing to banks and other lenders in the short term:					
- Secured ⁽¹⁾			7,700	6,400	6,400
- Secured by assets ⁽²⁾	12,786				
- Unsecured	8,431	5,652	2,439	2,780	2,187
Total amounts owing to banks and other lenders in the short term	21,217	5,652	10,139	9,180	8,587
Amounts owing to banks and other lenders in the medium and long term:					
- Secured ⁽¹⁾			32,864	36,546	36,546
- Secured by assets ⁽²⁾	281,281	293,502			
- Unsecured	2,467	2,608	3,195	3,348	3,594
Total amounts owing to banks and other lenders in the medium and long term	283,748	296,110	36,059,00	39,894,00	40,140,00
Group equity:					
Share capital	28,570	28,570	28,570	28,570	28,570
Legal reserve	1,268	1,268	1,268	1,268	1,268
Other reserves	54,020	54,020	43,635	43,635	43,634
Profit (loss) for the period	-3,455	-2,204	10,385	4,530	3,660
Total Group equity	80,403	81,654	83,858	78,003	77,132
Total amount owing to banks and other lenders and Group equity ^(*)	385,368	383,416	130,056	127,077	125,859

10.2 Company's cash flow

In relation to the Company's sources, amounts and cash flow refer to the information given in the Company accounts as at 31 December 2005 and in the Company's six-month report as at 30 June 2006.

10.3 Company's financial requirement and financial structure

Over the coming years, the Company's financial requirement will be generated by the following factors:

- a) the requirement to maintain and improve the technology standards relative to company activities. Investments in this case will relate to investments in software (programmes and systems, also produced using the company's professional resources) and hardware. The annual amount of investment will be approximately EUR 4 million, an amount which will be covered by the cash flow generated through current management.
- b) requirement relative to the payment of Loan interest applied due to the acquisition of the Business Units. In this case the financial requirements estimated, on the basis of the provisions of the Loan Agreements and on the basis of the current trend in interest rates, total approximately EUR 22 million for 2006 and approximately EUR 27 million for 2007. Payment of interest, anticipated in bi-annual instalments, will be covered by the cash flow generated from current management. At the present time the company is evaluating the scope and convenience of stipulating cover contracts in the relation to the risk deriving from any future increases in the interest rate.
- c) financial requirements connected with repayment of Tranche A of the Senior Loan for a total of EUR 96.5 million. With reference to this financial requirement, the following table details the repayment plan for Tranche A of the Senior Loan.

Repayment Date	Amount in EUR to be repaid on each date
21 September 2007	13,000,000
21 March 2008	19,000,000
21 March 2009	23,000,000
21 March 2010	27,000,000
21 March 2011	14,500,000
Total	96,500,000

The company considers that the relative repayment commitments will be met through the cash flow generated from current management and, where necessary or appropriate, through recourse to the credit market.

- a) financial requirements associated with repayment of Tranche B of the Senior Loan of EUR 170 million and the repayment of the Junior Loan of EUR 43.5 million. Both repayments are contractually anticipated as a single payment on 21 March 2011. The repayment will be covered from the cash flow generated from current management and by the company's capacity to attract new financial resources by way of debt and/or capital.
- b) financial requirements relative to payment of the deferred part of the payment due to each Former Licence-Holder seller of the Business Units (the "Vendor Loan"). Repayments on the anticipated due dates will be covered by the cash flow generated from current management and the company's capacity to attract new financial resources by way of debt and/or capital. Nevertheless, the Company

proposes to repay the Vendor Loan in advance, the original value of which, equal to EUR 79.9 million will be repaid at a lesser value equal to the current net value of the same Vendor Loan at the date of repayment. The current net value of the Vendor Loan as at 30 June 2006 was EUR 66.7 million.

- c) financial requirements in relation to repayment of the deferred debt to AAMS taken on, also by way of payment, for purchase of the Business Unit for approximately EUR 46.3 million. With respect to these financial requirements, the following table indicates the plan for repayment of the deferred debt to AAMS assumed for purchase of the Business Unit.

Date of Repayment	Amount in EUR to be repaid on each date
30 June 2006	6,015,253
30 October 2006	5,710,977
30 June 2007	6,015,253
30 October 2007	5,710,977
30 June 2008	105,222
30 October 2008	5,710,977
30 October 2009	5,589,823
30 October 2010	5,589,823
30 October 2011	5,589,822
Total	46,038,127

The repayments on the anticipated due dates will be covered by the cash flow generated from current management and the company's capacity to attract new financial resources by way of debt and/or capital.

10.4 Limitations on the use of financial resources

The Loan Agreements provide, as is usual with these type of agreements, for a series of obligations for the Company which, with the exception of what has been set out above, essentially coincide with reference to both Loan Agreements.

The Company is bound with respect to the finance bodies to respect a series of financial parameters mainly connected to the gross operating margin trend (EBITDA) on consolidated level and to the overall net indebtedness of the Company. Verification of respect for these commitments will take place quarterly. In particular, by way of example and without limitation in any way, the Company is also committed to: (i) provide the financing bodies with monthly progress on management trends and consolidated accounts as well as all quarterly and six-monthly accounts and financial statements for the year as soon as these are available in accordance with applicable regulations, (ii) obtain and/or maintain the necessary authorisations to fulfill its obligations in relation to contracts to which the Company is party, (iii) to act in compliance with applicable Law and to not constitute (or to act in such a way as to bring about constitution), without the prior approval of the financing bodies, new guarantees and/or charges on Company assets and other members of the SNAI Group, (iv) not assigning any of its credit for financing purposes, also by means of payment (v) not to transfer (or act in such as way as to bring about transfer) of assets, either its own or of other members of the SNAI Group, for a total value of more that EUR 5 million, for the entire duration of the Loans, if not in the carrying out of ordinary activities and at market conditions or where the income is used for the development of Company activities, (vi) not to carry out company transactions of an extraordinary nature, with the exception of the proposed company reorganisation which also includes the merger of the company with Trenno (for details refer to Chapter V, Paragraph 5.1.5 b)), and any other transaction agreed with

financing bodies, (vii) not to significantly modify the activity of the company and the SNAI group in general and not to modify the Company statute in such a way as to prejudice the rights of the financing bodies, (viii) not to take on further financial indebtedness over and above the limits expressly agreed, equal to a total of EUR 20 million, even if by means of factoring transaction or the assigning of credit for this purpose, (ix) to maintain adequate insurance cover, (x) act in such a way that Trenno becomes guarantor of the Company obligations in accordance with the same Loan Agreement, a fact which occurred on 30 March 2006.

Further information in relation to the Loan Agreement, and the limits resulting from this for SNAI in relation to the management of its own financial resources, can be found in Chapter XX below of this Prospectus.

10.5 Information on sources of Loans for the realisation of investments

On 20 October 2006, SNAI made arrangements to file the documentation for participation in the Tenders.

Within this context, the Company signed the Guarantee Agreement with UBI with which the said bank granted the Company its availability to issue short and long term guarantees required in accordance with the Tenders.

For further information in relation to the Guarantee Agreement see Section One, Chapter XXII of this Prospectus.

XI. RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

SNAI and the Group companies incur development costs for their own characteristic activities in the specialist hardware and software sector, for network connections and for the supply of services for the collection of bets. On the date of this Prospectus, in fact, the software relating to acceptance and management of horseracing and sports bets is directly developed by the Company, while the software used for ordinary accounts, fiscal and commercial management is acquired on the market from easily replaceable suppliers.

Costs incurred for development, as at 31 December 2005, amount to EUR 922,000, with an increase of EUR 580,000 with respect to the information relative to 31 December 2004. This increase is due largely to the effect of the costs incurred for the development and production of software involved in Betsy, Videa, Best, Selfy, Genius, Slot, SNAI Card, Quartè, Quintè, Ippica Nazionale, Big Match, Big Show, Post Office Bets and Interactive Bingo.

XII. INFORMATION ON PREDICTED TRENDS

12.1 Significant developments which have occurred recently in relation to trends in the Company's activity

During the first six months of 2006 the Group took advantage of the new opportunities generated by the new regulatory framework in the sector, pursuing the implementation of the strategic direction focused on assumption of the role of Licensee for the collection of bets by SNAI Managers and the management of gaming in general. This activity runs alongside that of service provider to SNAI Client Points which up until now have represented the core business. In particular, the Acquisition enabled the value of production to be increased significantly without significant increases in the company's fixed cost structure, which utilised existing human resources, know-how and technologies. At the same time the Company formalised agreements with the Former Licence-Holders for the management of all activities associated with the collection, encashment and payment of bets, remunerating for the services received as a percentage of the volume of bets accepted.

The Company's evolution was considered to be essential for several reasons, first and most significant was the increasing degree of openness of the Italian market: the entry into Italy of foreign companies, operating via the Internet and by other means, made it necessary to set up a strong company that could seize new business opportunities created by the new developments of the market, especially the opportunities resulting from the awarding of Rights following the Tenders to expand horseracing and sports betting activities.

The Company's new business structure is centred around a consolidated and well-established Company in the reference market, with recognised know-how and the ability to operate through its own network (Manager SNAI Points) alongside a network consisting of licence holders (Third-Party SNAI Points) that will retain ownership of their respective betting agencies but will continue to rely on SNAI as their service provider.

The network of SNAI Points will continue to benefit from the competition and professionalism developed over many years of direct local experience. In fact, also thanks to the development of legal provisions, which have expanded the areas of operation and responsibility, betting points are ready to take on a multifunctional role, and to seize any available new business opportunity in addition to accepting bets and entries for predictive competitions.

Extremely satisfactory results have been recorded in terms of movements, while profitability has been in line with expectations, except for the period during which Soccer World Cup took place, which, with the sports results favouring the favourite teams first and above all with the victory of the Italian national team, significantly reduced the profitability of bets on the football World Cup.

12.2 Factors which could have significant effects on the Company's prospects

Following the abovementioned acquisition, as well as the signing by SNAI, in March 2006, of Loan Agreements for a total of EUR 310 million, SNAI Group expects that 2006 will be significantly influenced from an economic, financial and asset point of view by the carrying out of the new activity of direct management of Licences.

At the same time as the Acquisition, 6 Betting Points decided to opt to connect to other provider without the relative contracts for provision of services providing for this faculty and despite the fact that SNAI has never

been in breach of obligations assumed. The revenues resulting from these relationships represented approximately 2% of total Group income. As a result the Group, having received the notices, has arranged to act on the arbitration clauses provided for in these contracts. The relative proceedings are currently underway.

Due to the proximity of the S.Siro Trot Racetrack to the Meazza stadium, the Municipality of Milan, for the purpose of implementing a package of measures adopted by the Government to suppress violence in the stadiums, has requested space from the SNAI Group, giving rise to the possibility of a different location for the racetrack, which up until now has not been followed through.

The interventions applied by the Bersani Decree are intended to have a definite impact on the market in which the Company operates. In particular, granting of Rights in accordance with the Bersani Decree will have the effect of extending the territorial cover of the services offered with reference to the gaming and betting sector as well as potentially increasing the number of SNAI's competitors (with the possible introduction of foreign groups). The Company has arranged to lodge the documentation for participation in the Tenders called for as a result of the Bersani Decree. Through its participation in the Tenders, the Company's objective with respect to the activities carried out as Licensee is to be granted the operation of Sales Points, whether these are betting shops or betting points, within the maximum limits allowed by the procedures relating to the same Tenders. As a connectivity supplier, the Company's objective is to provide all the services and the "SNAI Point" technology in the capacity of service provider to current SNAI Client Points which will hopefully see the number of sales points managed by them increased through the new Licences acquired within the context of the Tenders.

XIII. EARNINGS FORECASTS OR ESTIMATES

On 29 June 2005, the Company's Board of Directors approved the business plan for 2005-2009, identifying a new strategic policy based on SNAI taking on directly the role of licence holder for horserace and sports betting. The business plans provided for the acquisition of the Business Units relating to the licences for the management of these bets.

On 12 October 2005, the Company's Board of Directors revised and finalised the business plan for 2005-2009 in light of the number of the Business Units actually acquired (amounting to 450 Licences), specifying the levels of turnover and EBITDA expected once operations were fully under way, considering the consolidation of the economic effects of the acquisition.

Following the completion of the Acquisition of the Business Units, an information document was published on 18 April 2006 in accordance with Articles 71 and 71-bis of CONSOB Regulation No. 11971.

On 28 August 2006, implementing the so-called Bersani decree (4 July 2006), the AAMS launched the Tenders to award new licences for collecting horseracing and sports bets (a total of 16,300 new licences).

On 20 October 2006, the deadline for taking part in the Tenders, SNAI submitted its bids, seeking to obtain the maximum number of Rights SNAI is allowed to receive in accordance with the Tender Invitations (corresponding to 5,160 Rights in total). The result of the Tenders is expected to be announced in December 2006.

In light of these new circumstances, the business plan for 2005-2009 that was approved by the Company is considered to have been superseded. A new business plan is currently being prepared and will be finalised and approved once the final results of the Tenders have been announced and the number and type of Rights actually awarded to the Company is known. The new business plan will indicate the new turnover and EBITDA levels to be achieved at full operations, considering the consolidation of the economic effects resulting from the award of the new Rights to the Company. This new plan will also take into account the different competitive scenario that will evolve as a result of the completion of the Tenders.

In particular, the Company's main strategic development direction, on which the business plan being prepared will be based, aims to strengthen the competitive position of the Company and of its horseracing and sports betting network, both where it operates as a licence holder and where it operates as a service provider. For this reason, the Company has decided to seize the opportunities offered by the Bersani Decree by taking part in the Tenders provided for under such law.

This strategy is consistent with the Acquisition of the Business Branches that took place in March 2006 and is dictated by an awareness that the reference market and the applicable legislative framework are both changing. The first signs of change suggested that the market would undergo a reconfiguration leading to more concentration on the supply side, and consequently to a strengthening of the more efficient operators with greater critical mass. The management believes that the synergies resulting from the concentration resulting from the Acquisition of the Business Units will allow the Company to consolidated its significant presence in the market and to take advantage of opportunities arising from the development of new technologies and of new gaming methods, as well as from the changes of the applicable legislative framework.

The Company's objective in taking part in the Tenders, with regards to those businesses it operates as licence holder, is to be awarded Points of Sale, whether they are Betting Shops or Betting Points, subject to the limits allowed by the procedures relating to the Tenders: i.e., a maximum of 20% of the total number of new licences available for horseracing and sports shops and sports Betting Points, and a maximum of 40% of the total number of new licences available for horse racing Betting Points.

Taking into accounts the limits fixed by the Bersani Decree and by the Tender Invitations, the maximum number of Rights that can be awarded to each operator is: (i) 100 horseracing Betting Shops; (ii) 3,800 horseracing Betting Points; (iii) 1,260 sports Betting Shops and Points, amounting to a total of 5,160 Rights.

SNAI expects that if it is awarded the Rights, the total disbursement for the respective payments and the resulting investments will be EUR 200 million.

If the Company is awarded the new licences, the management of the new points of sale will be entrusted to the Former Licence-Holders (currently managers of the Manager SNAI Points), in accordance with to the current business model described in Section 6.1.1 a) "The Group's businesses" of this Prospectus.

The individual Rights for which the Company has submitted a bid in the context of the Tenders is the result of careful mapping of the territory based on the growth potential, considering the current presence of the Group in the various areas.

Despite the expected reduction in the Group's existing market share, resulting from the liberalisation of the sector and the maximum thresholds fixed by the Bersani Decree, the management believes that the awarding of the new licences will be followed by a growth in the volumes of bets in absolute terms.

As a connectivity provided, the Company's objective in taking part in the Tenders is to offer all the services and SNAI Point technology as a service provider to current Third-Party SNAI Points, which will hopefully see the number of points of sale they manage increase as a result of the rights they may obtain in the context of the Tenders.

A further opportunity for the Group arising from the Bersani Decree is the possibility of installing a high number of slot machines in each sports and horseracing Betting Point, with a more streamlined administrative procedure. The Company intends to exploit this opportunity both for existing SNAI Points and for those that will be created in the future.

For more detailed information about the strategic directions being reviewed, see Section One, Chapter V, Paragraph 5.1.5 b.

XIV. ADMINISTRATION, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR EXECUTIVES**14.1 Composition of company bodies and details of main external activities carried out****14.1.1 Board of Directors**

As at the date of this Prospectus, the Board of Directors, appointed by the SNAI Ordinary General Meeting of Shareholders on 11 May 2005, in office until approval of the financial statements for the year ended 31 December 2007, is made up as follows:

Name and surname	Office	Place and date of birth
Maurizio Ughi	Chairman	Lucca – 13 February 1948
Francesco Ginestra	Deputy Chairman	Palermo – 22 May 1951
Francesco Cioffi	Director	Cervinara (Avellino) – 18 August 1941
Claudio Corradini	Director	Rome – 26 August 1945
Pasquale Losco	Director	Cardito (Naples) 10 September 1949
Alberto Lucchi	Director	Bologna – 17 December 1947
Alessandro Mecacci	Director	Grosseto – 17 April 1962
Paolo Rossi	Director	Glasgow, UK – 21 May 1946
Andrea Siano	Director	Milan – 23 October 1967

All members of the Board of Directors are resident at the Company's registered office for the purposes of the office held.

None of the SNAI Directors can be considered as independent in accordance with the criteria detailed in the Corporate Governance Code. The Company does not consider it necessary to appoint independent directors as the balancing and supervisory function which this category of directors is required to ensure, based on the recommendations of the Corporate Governance Code for listed medium size companies with a shareholder base such as that of SNAI, is already fulfilled by the Board of statutory auditors, within the context of which a statutory member is reserved for minority shareholders in accordance with Article 23 of the Statute (in compliance with the provisions of Art. 148 of the Consolidated Finance Act).

Of the nine members comprising the Board of Directors, only the Chairman and the Deputy Chairman are executive directors. The individuals mentioned are invested with certain operational delegations with respect to the management of the Company. In particular the Chairman, and the Deputy Chairman in the event of the absence or impediment of the Chairman, are bestowed with all the powers of ordinary administration and powers of extraordinary administration specifically indicated by the Board of Directors. With reference to the latter, the Chairman and the Deputy Chairman are permitted to: (i) negotiate agreements aimed at future sale and purchase proposals for property assets and shareholdings; (ii) issue, without limitation on amounts, patronage letters and/or guarantees in favour and/or in the interest of Group companies for operations resulting from calls for tender for the opening of new betting acceptance points and/or for participation in tenders called by the Minister for the Economy and Finance or by Public Bodies in relation to gaming and betting; (iii) intervene for the acquisition and/or constitution of companies, whatever the SNAI shareholding, and joint-ventures, companies and/or Italian and foreign firms operating in the bet collection sectors in a broad sense, with a commitment to refer this to the first Board of Directors meeting; (iv) stipulate, modify and cancel contracts for opening of credit lines.

No director holds administrative or audit offices in other companies listed on regulated Italian or foreign markets, or in finance, banking, insurance or other large scale companies.

More specific information is given below in relation to each of the Directors.

A) Maurizio Ughi

Maurizio Ughi was born in Lucca on 13 February 1948 and has held the office of director and Chairman of the Company's Board of Directors commencing, respectively, from 24 April 1998 and from 7 May 1998.

Dr. Ughi is an entrepreneur active in the horseracing and sports bets collection sector, after having taken over the management of numerous horseracing agencies located in Tuscany from his father. Since 20 June 1999, Dr. Ughi has held the office of Chairman of the National Council of Horseracing Agencies, which grouped together over 300 historical horseracing agencies in Italy.

He also held the office of Chairman of the Board of Directors of the parent company SNAI Servizi from constitution of the company, which took place in 1989, until 1999.

He currently holds various administrative roles within the horseracing and sports bet collection companies in which he holds capital, which are:

- Giochi e Scommesse Novoli Snc di Ughi Maurizio e C. with registered office at Via di Tiglio, 1350/F, Lucca, Tax ID Code and VAT Reg. No. 01075500486, with a holding of 6.68%;
- Giochi e Scommesse Le Mura Snc di Ughi Maurizio e C. with registered office at Via di Tiglio, 1350/F, Lucca, Tax ID Code and VAT Reg. No. 01238420465, with a holding of 15.0%.

It is finally pointed out that, as already reported in the financial statement of 31 December 2005, Dr. Ughi has been acquitted by the Milan Court of Appeal, criminal section, of the crime of rigging as per Article 2637 of the Italian Civil Code, overturning the unfavourable judgement of 20 September 2004 because "the fact does not exist". The dispute related to a declaration attributed to him in 2001 by a Sole 24 Ore journalist, a declaration which the same Ughi always denied having ever made. The General Attorney for the Italian Republic has proposed an Appeal claim for which a hearing has not yet been set.

B) Francesco Ginestra

Francesco Ginestra was born in Palermo on 22 May 1951 and has held the Company's office of director from the 24 June 1997, also assuming the office of Deputy Chairman of the Board of Directors commencing from 11 May 2005.

Dr. Ginestra is an entrepreneur active in the horseracing and sports bets collection sector, as well as the management of Bingo halls, located in Sicily.

Since 26 May 2004, Dr. Ginestra has held the office of Chairman of the National Council of Horseracing Agencies, which groups together the horseracing bet collection points in Italy. He also held the office of director of the parent company SNAI Servizi from establishment of the company, which took place in 1989.

Currently Dr. Ginestra holds various administrative roles within the horseracing and sports bet collection companies in which he holds capital, which are:

- Ginestra Francesco & C. Snc with registered office at Via Toscana, 8, Palermo, Tax ID No. and VAT Reg. No. 02497360822, with a holding of 42%;
- Agenzia Ippica Mondello di Ginestra Francesco & C. Snc with registered office at Via Toscana, 8, Palermo, Tax ID Code and VAT Reg. No. 04310820826, with a holding of 42%;
- S.I.S. Srl with registered office at Via Lamaro, 21, Rome, Tax ID Code and VAT Reg. No. 02337830133, with a holding of 5.197% as a result of his ownership in Ginestra Francesco & C. Snc;
- S.I.S. Srl with registered office at Via Lamaro, 21, Rome, Tax ID Code and VAT Reg. No. 02337830133, with a holding of 4.315% as a result of his ownership in Agenzia Ippica Mondello di Francesco Ginestra & C. Snc.

C) Francesco Cioffi

Francesco Cioffi was born in Cervinara (Avellino) on 18 August 1941 and held the office of Director of SNAI from 23 May 2002. He is an entrepreneur active in the horseracing and sports bets collection sector, located in various regions of Italy.

Currently Dr. Cioffi holds various administrative roles within the horseracing and sports bet collection companies in which he holds capital, which are:

- Punto Scommesse Macerata Srl with registered office at via M.R. Imbriani, 1, Cervinara (AV), Tax ID Code and VAT Reg. No. 01561400647 with a holding of 65%;
- La Scommessa Srl with registered office at via M.R. Imbriani, 1, Cervinara (AV), Tax ID Code and VAT Reg. No. 01561390640 with a holding of 10%;
- Punto Scommesse Napoli Municipio Srl with registered office at via M.R. Imbriani, 1, Cervinara (AV), Tax ID Code and VAT Reg. No. 01319310635 with a holding of 40%;
- Cadium Scommesse Srl with registered office at viale Atlantici, 6, Benevento, Tax ID Code and VAT Reg. No. 01241310620 with a holding of 10%.

D) Claudio Corradini

Claudio Corradini was born in Rome on 26 August 1945. He has held the office of SNAI Director on an uninterrupted basis from 24 June 1997. He is an entrepreneur active in the horseracing and sports bets collection sector, located in various regions of Italy. He holds the office of member of the Executive Committee of the National Council of Horseracing Agencies, which groups together the betting sales points in Italy.

He is the Chairman of the Società Trenno Board of Directors, mainly controlled by SNAI and the major management company of racetracks in Italy. He is in fact responsible for the management of the Milan San Siro gallop and trot racetracks, the Milano San Siro gallop training centre and the Montecatini trot racing track (PT).

He has also held the office of Deputy Chair of the parent company SNAI Servizi since the company was established in 1989.

Currently Mr. Corradini holds various administrative roles within the horseracing and sports bet collection companies in which he holds capital, which are:

- Agenzia Ippica Portanova di Corradini Claudio & C. Snc with registered office at Via Arno, 32, Bologna, Tax ID Code and VAT Reg. No. 00219890324, with no capital;
- S.I.S. Srl with registered office at Via Vincenzo Lamaro, 21, Rome, Tax ID Code and VAT Reg. No. 02337830133, with no capital.

E) Pasquale Losco

Pasquale Losco was born in Cardito (Benevento) on 10 September 1949 and has held the office of Director of SNAI since 16 February 2005. He is an entrepreneur active in the horseracing and sports bets collection sector, located in various regions of Italy. He also holds the office of director of SNAI Servizi Srl and Chairman of the Board of statutory auditors of the National Council of Horseracing Agencies.

Currently Mr. Losco holds various administrative roles within the horseracing and sports bet collection companies in which he holds capital, which are:

- Agenzia Ippica Piele di Pasquale Losco e C. Snc with registered office at Via Alessandro Volta, 15, Frattamaggiore (NA), Tax ID Code and VAT No. 04204770632, with a holding of 20%;
- L C I Betting di Chiacchio Antonio e C. Snc with registered office at Via Camillo De Nardis, 49, Naples, Tax ID Code and VAT Reg. No. 07461380631.

F) Alberto Lucchi

Alberto Lucchi was born in Bologna on 17 December 1947 and has held the office of director on the Company's Board of Directors on an uninterrupted basis since 24 June 1997. Mr. Lucchi has also held the office of Deputy-Chairman of the Company Board of Directors from 24 April 1998 until 11 May 2005.

He is an entrepreneur active in the horseracing and sports bets collection sector, located in various regions of Italy. Since 26 May 2004, he has held the office of Deputy Chairman of the National Council of Horseracing Agencies, which groups together the betting sales points in Italy; he was previously Chairman from 30 June 1999. He has also held the office of Chairman of the parent company SNAI Servizi since 28 September 1999. He is a Director of Società Trenno, the main subsidiary of the Company and leading manager of racetracks in Italy. Mr. Lucchi is in fact responsible for the management of the Milan San Siro gallop and trot racetracks, the Milano San Siro gallop training centre and the Montecatini trot racing track (PT).

Currently Mr. Lucchi holds various administrative roles within the horseracing and sports bet collection companies in which he holds capital, which are:

- Agenzia Ippica La Vallee di Lucchi Alberto & C. Snc with registered office at Via Chambery, 90, Aosta, Tax ID Code and VAT Reg. No. 0015836073 with a holding of 62.50%;
- Agenzia Ippica Reggio Emilia di Mirka Gozzi & C. Snc with registered office at Via Olimpia, 14, Reggio Emilia, Tax ID Code and VAT Reg. No. 01609420359, with a holding of 27.0%.

G) Alessandro Mecacci

Alessandro Mecacci was born in Grosseto on 17 April 1962. He has held the office of member of the SNAI Board since 23 March 2002. He is an entrepreneur active in the horseracing and sports bets collection sector, located in various regions of Italy and in the property sector in Central Italy. He is member of the Executive Committee of the National Council of Horseracing Agencies, which groups together the betting sales points in Italy. He has also held the office of director of the parent company SNAI Servizi since 14 March 2002.

Currently Mr. Mecacci holds various administrative roles within the horseracing and sports bet collection companies in which he holds capital, which are:

- Ag. Follonica Srl with registered office at Via Trieste, 27, Follonica (GR), Tax ID Code and VAT Reg. No. 00864890538, with a holding of 5.0%;
- Punto SNAI Lambrate Srl with registered office at Via dei Barberi, 108, Grosseto, Tax ID Code 03651900155 and VAT Reg. No. 01257990539, with a holding of 5.0%;
- Punto SNAI Valganna Srl with registered office at Via dei Barberi, 108, Grosseto, Tax ID Code 00794560532 and VAT Reg. No. 01258060530, with a holding of 5%;
- Italis – Agenzia Ippica di Mecacci Alessandro & C. Snc with registered office at Via dei Barberi, 108, Grosseto, Tax ID Code and VAT Reg. No. 00372320499, with a holding of 11.5%.

H) Paolo Rossi

Paolo Rossi was born in Glasgow (UK) on 21 May 1946 and has held the office of member of the SNAI Board of Directors since 23 May 2002. He is an entrepreneur active in the horseracing and sports bets collection sector, located in various regions of Italy. He has held the office of director on the National Council of Horseracing Agencies, which groups together the betting sales points in Italy, since 26 May 2004.

Currently Mr. Rossi holds various administrative roles within the horseracing and sports bet collection companies in which he holds capital, which are:

- MITO Snc di Federica Rossi & C. with registered office at via Bianca di Savoia, 17, Milan, Tax ID Code and VAT Reg. No. 12816390152, with a holding of 70.0%;
- Agenzia Ippica di Rossi Paolo & C. Snc with registered office at Vvia Eustachi, 24, Milan, Tax ID Code and VAT Reg. No. 06213030585 with a holding of 75.0%.

I) Andrea Siano

Andrea Siano was born in Milan on 23 October 1967 and has held the office of member of the SNAI Board of Directors since 23 May 2002 and, from the same date, assumed the office of Chairman of the Internal Audit Committee. He is a shareholder of Wizard Partners & Co, an international consultancy and financial management company.

Mr. Siano is the son-in-law of Mr. Paolo Rossi.

Without the above still remaining valid, it is also recorded that Mr. Claudio Corradini holds the office of Chairman with executive powers in the subsidiary Società Trenno S.p.A., while Dr. Francesco Ginestra holds

the office of Deputy Chairman in the parent company SNAI Servizi S.r.L., and the director Alberto Lucchi holds the office of operational Chairman of the parent company SNAI Servizi S.r.L.

It is also pointed out that none of the directors hold administrative or audit offices in other companies listed on regulated Italian or foreign markets, or in financial, banking, insurance or other large scale companies.

14.1.2 Board of statutory auditors

At the date of this Prospectus the SNAI Board of statutory auditors, appointed by the Ordinary General Meeting of Shareholders of the Company on 11 May 2005 and in office until approval of the financial statements for the year ending 31 December 2007, is made up as follows:

Name and surname	Office	Place and date of birth
Francesco Lerro	Chairman	Parma – 16 April 1965
Alessandro Carlotti	Statutory auditor	Grosseto – 12 May 1959
Lorenzo Ferrigno	Statutory auditor	Palermo – 21 March 1946
Marco Corazza	Alternate auditor	Lucca – 29 May 1954
Francesco Rangone	Alternate auditor	Frascaro (Alessandria) – 17 January 1931

All members of the Board of statutory auditors are resident at the Company's registered office for the purposes of the office held.

At the date of this Prospectus it is pointed out that none of the members of the board of statutory auditors has been elected by SNAI minority shareholders.

More specific information is given below in relation to each auditor.

A) Francesco Lerro

Dr. Francesco Lerro has been registered since 25 June 1999 on the Register of Auditors held at the Ministry for Justice.

Dr. Lerro held the office of SNAI statutory auditor from 23 May 2002 until 11 May 2005, at which date he then assumed, by appointment of the general meeting of shareholders of SNAI, the office of Chairman of the Board of statutory auditors of the company.

Dr. Lerro has been registered on the Roll of Professional Accountants in the Province of Mantova since 11/01/1995 – Register of Accounting Auditors at number 79565 by decree of 7 June 1999 published in the extraordinary supplement to the Official Gazette – 4th special series no. 50 of 25 June 1999. He is also registered on the roll of Technical Justice Consultants at the Mantova Law Courts since 11 October 1999.

B) Alessandro Carlotti

Alessandro Carlotti has been registered since 21 April 1995 on the Register of Auditors held at the Ministry for Justice.

Dr. Carlotti has held the office of SNAI statutory auditor since 11 May 2005

Auditor in accordance with Legislative Decree no. 88 of 27 January 1992 and Presidential Decree of 20 November 1992 with ministerial decree of 12 April 1995 Official Gazette no. 31 *bis* of 21 April 1995,

registered on the roll of professional accountant in Grosseto at no. 68. Director of the Order of Professional Accountants of Grosseto, director and auditor of various companies.

C) Lorenzo Ferrigno

Lorenzo Ferrigno has been recorded since 21 April 1995 on the Register of Auditors held at the Ministry for Justice.

Dr. Ferrigno has held the office of SNAI statutory auditor since 11 May 2005

A retired employee of the Banca d'Italia, he requested registration with the Board of Accountants in Palermo and has commenced operations as a self-employed Professional Accountant, and has the function of auditor in Share, Consortium and Cooperative companies. On 12 April 1995 he attained registration in the register of auditors, properly published in the Official Gazette no. 31 *bis* of 21 April 1995.

D) Marco Corazza

Marco Corazza has been registered since 16 June 1995 on the Register of Auditors held at the Ministry of Justice.

Dr. Corazza has held the office of SNAI alternate auditor since 11 May 2005.

Part-time lecturer in business economics at the Viareggio Technical and Commercial College. Director and auditor of various companies.

E) Francesco Rangone

Francesco Rangone has been registered since 21 April 1995 on the Register of Auditors held at the Ministry of Justice.

Dr. Rangone held the office of SNAI statutory auditor from 31 December 2001 until 11 May 2005, at which point he took on the role of Company alternate auditor.

Registered on the roll of Auditors (Ministerial Decree 12.4.1995 published in the Official Gazette of 21.04.1995 – Supplement no. 3 *bis* – IV Special Series). He has held offices in companies in the capacity of Sole Managing Director and Director. Currently carries out roles in various companies within the relative Board of statutory auditors.

None of the directors and auditors have been convicted of fraud nor have they ever been involved in bankruptcy, administrative receivership or liquidation of any of the companies managed by them. None of the directors and auditors have ever been subject to official incrimination or sanctions by public or regulatory authorities, nor to measures prohibiting involvement in the offices of members of the administration, management or supervisory bodies of companies listed on regulated markets.

14.1.3 Senior Executives

The table below also details the information relative to the main directors.

Name and surname	Office	Place and date of birth	Service
Luciano Garza	General Manager and General Proxy	Vigevano (Pavia) – 13 December 1950	1986
Stefano Marzullo	Operations Director – General Proxy	Rome 10 – April 1959	2000
Bruno Battista	Commercial Director	Rome – 7 March 1960	2000

More specific information is given below in relation to each director.

A) Luciano Garza

Dr. Luciano Garza was born in Vigevano (Pavia) on 13 December 1950.

On 8 March 1999, Dr. Luciano Garza was appointed, on an ongoing basis, as General Manager of the Company.

He undertook activities in the role of internal review of a multi-national until July 1986, when he assumed the roles of Internal Company Finance and Management Control. He then took on the position of General Manager, a position he has maintained since March 1998.

B) Bruno Battista

Dr. Bruno Battista was born in Rome on 7 March 1960.

Dr. Bruno Battista is the Commercial Director of the Company.

In 1991 Dr. Battista was appointed as a director, with the duties of Commercial Director, with a company forming part of an Italian multinational group operating in the gaming and betting sector.

C) Stefano Marzullo

Dr. Stefano Marzullo was born in Rome on 10 April 1959.

Dr. Marzullo carried out functions of general proxy for the Company at the same time as fulfilling duties as Managing Director of Group companies. Currently, Dr. Marzullo carries out operational duties for SNAI and is Sole Managing Director of the company Teleippica S.r.L. and the company Mac Horse S.r.L.

In 1991 Dr. Marzullo was appointed director, with duties as general proxy, within a company which is part of a leading Italian multi-national group operating in the information technology sector.

None of the aforementioned directors have been convicted of fraud nor have they ever been involved in bankruptcy, administrative receivership or liquidation of any of the companies managed by them. None of the directors have ever been subject to official incrimination or sanctions by public or regulatory authorities, nor to measures prohibiting involvement in the offices of members of the administration, management or supervisory bodies of companies listed on regulated markets.

14.2 Conflict of interests affecting administration, management and supervisory bodies and senior executives

14.2.1 Potential conflict of interest of members of the board of directors, members of the board of statutory auditors or other senior executives

All members of the SNAI board of directors own, either directly and/or indirectly, through companies controlled by them or headed by relatives, agencies which own horseracing and/or sports licences that make use of the services provided by the Company during execution of service provider activities. The same directors are also allocated shareholdings (non-controlling) in SNAI Servizi, the company which controls SNAI. The provision of services in favour of the licensees ascribable, directly and/or indirectly, to the directors occur moreover on the basis of standard contracts at market conditions, entirely identical to those applied by the Company to third party licensee agencies.

Certain of the companies that have transferred their Business Units to SNAI are headed, directly and/or indirectly, by Company directors and/or their relatives. In accordance with Article 2391 of the Italian Civil Code, the interest of each of the directors in the Acquisition was declared individually by them at the time of the meeting of the board of directors on 29 June 2005, which resolved to commence the Acquisition. On application of Article 2391-*bis* of the Italian Civil Code and the recommendations of the Corporate Governance Code, in order to avoid discrimination between the various licensees in exercising of the option to purchase Business Units by SNAI, the valuation and selection of the Business Units to be purchased has been carried out by the Company Board of Directors – within the limits of the financial resources available – applying uniform and objective criteria. Each of the Business Units selected for purchase by the SNAI group are headed, directly or indirectly, by Company directors.

For further information in relation to the interests of directors in the Acquisition see Chapter XIX below of this Prospectus.

For further information on relationships in existence with the directors, refer to the information given in the paragraph “Relations with Related Parties and management bodies” in the SNAI six-monthly report as at 30 June 2006 and the management report in financial statements for the years 2003, 2004 and 2005.

As far as SNAI is aware, there are no potential conflicts of interests between the obligations with respect to SNAI of members of the board of statutory auditors and the senior executives listed in Paragraph 14.1, on the one hand, and the private interests and/or other obligations of these subjects.

14.2.2 Any agreements with the Company’s main shareholders, clients or suppliers in relation to the appointment of members of the management, administration and supervisory bodies and senior executives

There are no agreements or understandings with the Company’s main shareholders, clients or suppliers which led to selection of certain members of the board of directors, the board of statutory auditors or other senior executives detailed in Paragraph 14.1.

14.2.3 Lock-up agreements stipulated by members of the board of directors, members of the board of statutory auditors and senior executives

There are no agreements in place on the basis of which restrictions have been agreed, by members of the board of directors, the board of statutory auditors or the other senior executives indicated in Paragraph 14.1 regarding the transfer, within a certain period of time, of the Company shares held by them.

XV. REMUNERATION AND BENEFITS**15.1 Remuneration and benefits paid by the Company for any purpose or by SNAI group companies to members of the board of directors, members of the board of statutory auditors and senior executives**

The table below summarises payments, including monetary payments, due during the year ended 31 December 2005, in favour of members of the board of directors, the board of statutory auditors and senior executives.

Name and surname	Office	Duration	Payment for the office <i>(data in EUR)</i>	Non-monetary benefits	Bonuses and other incentives	Other payments⁽¹⁾ <i>(data in EUR)</i>
Maurizio Ughi	Chairman	01.01.2005-31.12.2005	203,178.08			
Alberto Lucchi*	Deputy Chairman	01.01.2005-31.12.2005	46,630.14			28,600.00
Pasquale Losco	Director	01.01.2005-31.12.2005	35,095.89			
Francesco Cioffi	Director	01.01.2005-31.12.2005	39,506.85			
Claudio Corradini	Director	01.01.2005-31.12.2005	39,506.85			125,800.00
Francesco Ginestra	Director	01.01.2005-31.12.2005	54,958.90			
Alessandro Mecacci	Director	01.01.2005-31.12.2005	39,506.85			
Paolo Rossi*	Director	01.01.2005-31.12.2005	39,506.85			
Andrea Siano*	Director	01.01.2005-31.12.2005	62,082.19			
Luciano Garza	General Manager	01.01.2005-31.12.2005	111,054.71			
Bruno Battista	Commercial Director	01.01.2005-31.12.2005	112,382.27			
Stefano Marzullo	General Proxy	01.01.2005-31.12.2005	138,205.18			
Giuseppe Conselmo	Chairman of Board of statutory auditors	01.01.2005-11.05.2005	15,348.48			
Francesco Lerro	Statutory auditor	01.01.2005-11.05.2005	10,066.86			10,972.00
Francesco Lerro	Chairman of Board of statutory auditors	12.05.2005-31.12.2005	26,682.34			6,037.68
Francesco Rangone	Statutory auditor	01.01.2005-11.05.2005	7,414.34			8,000.00
Lorenzo Ferrigno**	Statutory auditor	12.05.2005-31.12.2005	14,808.22			16,752.32
Alessandro Carlotti	Statutory auditor	12.05.2005-31.12.2005	16,140.80			
Total			981,126.8			179,409.68

* Members of the Internal Audit Committee

** The auditor Mr. Lorenzo Ferrigno also holds the office of liquidator of the company Teseo S.r.L. in liquidation, RistoMisto S.r.L. in liquidation, La Televisione S.r.L. in liquidation and SNAI Promotion S.r.L. in liquidation for a total payment of EUR 163,000.

⁽¹⁾ Payments due for offices held in subsidiary companies.

15.2 Social security and welfare provisions

As at 31 December 2005, the amount owed by the company for employee severance indemnity is EUR 2,075,730 and covers contractual and legal commitments with respect to all employed personnel. Of this amount, a portion of EUR 72,000 may not be revalued for advances made.

XVI. PROCEDURES APPLIED BY BOARD OF DIRECTORS

16.1 Duration of office of members of the Board of Directors

The Company's Board of Directors, appointed by the ordinary general meeting of shareholders on 11 May 2005, will remain in office for three years and, therefore, until the meeting called to deliberate on approval of the financial statements as at 31 December 2007.

16.2 Contracts of employment providing for severance pay entered into by members of the Company's board of directors and the board of statutory auditors with SNAI Group companies

At the date of this Prospectus none of the SNAI Group companies has stipulated employment contracts with SNAI Directors or auditors which provide for severance indemnity.

16.3 Internal Audit Committee and Compensation Committee

With a resolution adopted on 17 May 2005 the Board of Directors created the Internal Audit Committee, whose members are Directors Andrea Siano (Chairman), Alberto Lucchi and Paolo Rossi. The Internal Audit Committee has met four times since it was constituted.

The Company has not set-up a compensation committee.

Refer also to Chapter XXI, Paragraph 21.2.2 of this Prospectus.

16.4 Declaration of observation of standards in relation to corporate governance

Adaptation of the Corporate Governance Code

The Company corporate governance system partly acknowledges the recommendations contained in the Corporate Governance Code prepared by the Committee for Corporate Governance of the Company ("Code"), in the light of the reduced company size and the multiple repercussions full application of the abovementioned Corporate Governance Code would involve for the Company. A list is therefore given below of the provisions of the Code which at the date of this Prospectus have not been acknowledged by the Company.

As already highlighted elsewhere in Chapter XIV, Paragraph 14.1.1, with reference to the provisions of Article 3 of the Code, the Company has not considered it appropriate to arrange for appointment of independent directors.

In departure from Article 5 of the Code, other than the Internal Audit Committee, no other committee has been instituted. This decision is justified by the specific nature of the business carried out and the limited size of the Company and of the same board.

In contrast to the provisions of Article 6 of the Code, the Company statute does not provide for a ballot system for appointment of directors.

In relation to the provision of Article 7 of the Code, it is pointed out that the Company Board of Directors has not provided for a variable compensation system directly connected to Company results or to the pursuit of specific objectives.

As a result of the small company size, no internal audit function has been established, as provided for by Article 8 of the Code, the duties of which are carried out by the Company's general management.

In relation to Article 11 of the Code, it is finally pointed out that the Company statute does not provide for the adoption of a meeting regulation which governs the orderly and regular execution of meetings.

The Company considers, however, that its own company management system conforms to the guidelines defined by the Corporate Governance Code, as well as being aimed at principles of correct management and information.

The board of directors' annual report on Company corporate governance can be consulted on the Borsa Italiana internet site at the address www.borsaitalia.it.

Adaptation of the provisions of the Consolidated Finance Act as modified by Law no. 262 of 28 December 2005

The company has not entirely adapted its own corporate governance system to the provisions of the Consolidated Finance Act as modified by Law no. 262 of 28 December 2005, ("Law on Savings").

In departure to the provisions of Article 147 – *ter*, para 1 of the Consolidated Finance Act, the Company statute does not currently provide for a ballot system for election of members of the board of directors. This situation precludes therefore the board of directors being comprised of members elected by minority shareholders. Still with reference to the fourth paragraph of the above mentioned article it is pointed out that in companies in which the board of directors is comprised of more than seven members, at least one of them must meet the requirements of independence provided for the auditors by Article 148, paragraph 3 of the Consolidated Finance Act. Currently none of the SNAI directors can be considered to possess the abovementioned requirements.

With reference to the provisions of Article 148 of the Consolidated Finance Act, it is observed that the Chairman of the Company's Board of statutory auditors has not been selected from the auditors elected by SNAI minority shareholders, as within the context of the current board in office none of the auditors has been elected by these shareholders.

Finally, at the date of this Prospectus the Company has not yet made arrangements to appoint an individual in the capacity of director specifically appointed for the preparation of company accounting documents as provided for by Article 154 – *bis* of the Consolidated Finance Act.

The Company therefore intends to adapt itself, within the terms established by the Law on Savings to the abovementioned provisions.

It is finally pointed out that the Company's board of directors has not yet made arrangements to approve the regulation provided for by Article 2391 – *bis* of the Italian Civil Code, on the subject of transactions with related parties.

Please also refer to the information given in Chapter XXI, Paragraph 21.2.2 of this Prospectus.

XVII. EMPLOYEES

17.1 Number of employees

The number of Company's employees at the end of 2005 was 187 compared with 177 employees as at 31 December 2004 and 175 employees as at 31 December 2003. At the date of this Prospectus there were 201 employees (of which 16 were part-time and 9 were on maternity leave).

The number of Group employees at the end of 2005 was 407 (of which 48 were part time and 11 were on maternity leave), compared with 401 employees in 2004 and 391 employees in 2003. The increase in the number of employees at consolidated level is affected by the introduction of the company Mac Horse S.r.L., acquired during 2004, into the scope of consolidation, as well as to the assumption of new employees to replace employees on maternity leave.

At the date of this Prospectus, Group employees numbered 435 (of which 49 were part time and 6 were on maternity leave), increased by 28 with respect to the 407 employees at the end of 2005. The increase in staff both in the Company and in Group operatives has been caused by the increase in the volume of activity resulting from the management of slot machines and the direct management of Licences, as well as requirements related to seasonal activity, particularly in relation to horseracing activity.

17.2 Equity investments and stock option plans

The table below details the number of shares of SNAI Group companies held as of 31 December 2005 and at the date of this Prospectus, by the members of the Board of Directors and the Board of statutory auditors:

Name and surname	Office	Company	Shares as at 31/12/2005	Shares purchased	Shares sold	Shares held at Prospectus date
Pasquale Losco Alessandro	Director	SNAI S.p.A	10,000 ^(*)	—	—	10,000 ^(*)
Mecacci	Director	SNAI S.p.A.	7,000	—	—	7,000
		SNAI	16,000		0	16,000
Luciano Garza	General Manager	Società Trenno ^(**)	651		-651	0
Spouse of Luciano Garza	Spouse of Luciano Garza		9,156		6,331	2,825
Alessandro Carlotti	Statutory Auditor	SNAI S.p.A.	750	—	—	750
Spouse of Alessandro Carlotti	Spouse of Alessandro Carlotti	SNAI S.p.A.	7,162	—	—	7,162

^(*) Note: at the date of co-opting as director on 16 February 2005.

^(**) Note: shares subject to exchange with SNAI shares following the merger of Società Trenno into SNAI.

The Directors: Francesco Cioffi, Claudio Corradini, Francesco Ginestra, Alberto Lucchi, Paolo Rossi, Andrea Siano, Maurizio Ughi; Auditors: Dr. Francesco Lerro, Mr. Lorenzo Ferrigno, and Directors: Bruno Battista and Stefano Marzullo have declared that they did not hold at the end of 2005, neither do they hold at the current date shares, in SNAI, nor in other companies controlled by the same.

At the date of this Prospectus, there are no stock option or options attributed by the Company to the current members of the Board of Directors and the Board of statutory auditors.

17.3 Agreements for employees to participated in the Company's share capital

At the date of the current Prospectus there are no agreements for employees to participate the Company's share capital.

XVIII. MAIN SHAREHOLDERS

18.1 Shareholders holding shares in the Company's capital

The following table lists persons who according to the Shareholders' Register and the notices received in accordance with Article 120 of the Consolidated Finance Act and other information made available to the Company, as at the date of this Prospectus, directly or indirectly hold a shareholding in the Company's voting share capital of more than 2%:

Subject	Number of Shares	Percentage of Capital
SNAI Servizi	27,845,523	50.68%
Compagnia Fiduciaria Lombarda S.r.L.*	1,265,219	2.302%

* Held on behalf of third parties

18.2 Particular voting rights held by the Company's main shareholders

The Company's main shareholders do not have voting rights other than those attributed to the ordinary shares held by them.

For completeness, it is pointed out that, in execution of the obligations contained in the Loan Agreement, SNAI Servizi has granted security on the SNAI shares held by the same of 50.68% of SNAI share capital. In the event of a claim on the security of SNAI shares held by SNAI Servizi, a change of control would be determined for the SNAI Group.

In relation to the content of the abovementioned security, it is also necessary to point out that the voting right at SNAI meetings will remain with SNAI Servizi until such time as the financier declares its explicit wish to exercise its rights following any potential breach by SNAI, e.g. failure to respect a series of financial parameters mainly linked to the gross operating margin (EBITDA) trend at consolidated level and the overall net indebtedness of the Company, failure to communicate the consolidated management and accounting trend on a monthly basis, together with all quarterly, six-monthly and year-end financial statements as soon as they are available in accordance with applicable regulations, or to forfeiture by SNAI of the benefit of the term in accordance with the Loan Agreements.

For further information see Chapter XXII of the Prospectus.

18.3 Details of the controlling body in accordance with Article 93 of Legislative Decree no. 58 of 24 February 1998

At the date of this Prospectus, according to the records in the Shareholders' Register, together with the communications received by CONSOB and by the Company in accordance with the Law and other information available to the Company, the Company is controlled by right, in accordance with Article 93 of the Consolidated Finance Act, with a shareholding of 50.68% of the share capital, by SNAI Servizi. SNAI Servizi share capital is held by over 220 shareholders including partnerships and limited liability companies operating in the horseracing and sports bet collection sector, none of which, individually, exercises control over SNAI Servizi.

It is pointed out that in accordance with the Security Agreements, SNAI Servizi is obligated not to reduce its own percentage shareholding in SNAI and therefore to entirely subscribe to the portion of capital increase relating to it. The same will therefore maintain control of the Company in accordance with Article 93 of the Consolidated Finance Act also following the Capital increase.

18.4 Agreements for which implementation could give rise to a change in the Company's controlling structure

The Company is not aware of Agreements between the shareholders for which implementation in the future could give rise to a change in the Company's controlling structure.

As highlighted in Paragraph 18.2 above, in the event of a claim on the security granted by SNAI Servizi in favour of UBI and Solar S.A. on a shareholding equal to 50.68% of SNAI's share capital, held by the same SNAI Servizi, a change of control would be determined for the SNAI Group.

XIX. TRANSACTIONS WITH RELATED PARTIES

Agreements between SNAI Group companies

The relationship between SNAI and subsidiary and associate companies consist, as is usual, of managerial and financial support, the provision of services, as well as the leasing of capital goods for the activities of these companies.

The specific services obtained by the subsidiary companies are debited to SNAI on the basis of production and supply costs for these services, increased by a margin suitable for the extent of the structure required and relative general costs. The cost debited is considered consistent and in any event not greater than the cost that the individual Group company would have had to incur for the same services on the market in terms of quality, quantity and time.

The other administrative and technical services which are produced, provided and utilised within Group companies are debited to subsidiaries and associates as a function of their effective use, taking into account the cost of acquisition or production of the service.

Finally, specific services acquired from third parties in the overall interest of the Group in relation to finance, law and taxation and of a technical nature are re-debited proportionately based on the specific interests of the company.

Agreements with related parties

Within the context of transactions with Related Parties and with the range of subjects in possible conflict of interests, the Group companies have maintained behaviour in line with CONSOB communications on company control no. 97001574 of 20 February 1997 and no. 98015375 of 27 February 1998.

During the entire period to which the financial information relative previous years refers, SNAI Servizi has exercised direction and coordination activities over SNAI management.

Currently, within the framework of SNAI Group Companies, relations with related parties are represented by agreements of a commercial and financial nature; with subsidiary companies for provision of services of an administrative, tax consultancy, taxation and organisational nature and by agreements with the parent company SNAI Servizi for provision of legal support and for regulating intra-group current account finance. The transfer prices are listed as current sales prices in the bet collection chain; the purchase cost for services regulated by commercial agreements relate to prices and market conditions for agreements of a financial nature and to the production costs of services for the sale and purchase of other intra-group services.

Current accounts, all cost-bearing, are used to make management of the intra-group treasury more efficient and provide an equal rate for debit and credit amounts, equivalent to the 3-month EURIBOR plus 5%. In addition, through the financial current account, invoices and commercial debits between the various Group companies are generally paid at the established due date and within this context, also with the same parent company SNAI Servizi with which debits and credits are also paid monthly for payment of monthly VAT amounts. In fact, for several years already, the same parent company has availed itself of the faculty to pay monthly VAT balances to the Inland Revenue for all subsidiary companies (so-called “Group VAT pool”).

The Group carries out services for the licence-holders of horseracing agencies and sports agencies, as commented on previously. Many licence-holders hold shares in the share capital of SNAI Servizi. The

transactions, provided for in standard agreements, are regulated at market conditions which are entirely identical to those of the third-party licence-holders.

Group company relations with Related Parties are analysed in the table given below which also summarises: (i) the amount of trade debtors for services and products, of credits for the collection of horseracing and sports bets, for the Tris and for gaming machines and competitions, as at 30 June 2006, 31 December 2005, 31 December 2004 and 31 December 2003 between SNAI and Group subsidiaries, with shareholders of the parent company SNAI Servizi to which the same companies provide services within the context of their own institutional activity; (ii) the amount of loans provided; (iii) the amount of trade and financial creditors; (iv) income, for services and products and for the services executed for the collection of horseracing and sports bets, Tris, gaming equipment and competitions, as at 30 June 2006, 31 December 2005, 31 December 2004 and 31 December 2003 between SNAI and Group subsidiaries, with shareholders of the parent company SNAI Servizi, to which the same companies provide services within the context of their own institutional activity; (v) financial income; (vi) costs for services and re-debiting and for gaming machines, as at 30 June 2006, 31 December 2005, 31 December 2004 and 31 December 2003 between SNAI and Group subsidiaries, with shareholders of the parent company SNAI Servizi, to which the same companies provide services within the context of their own institutional activity; (vii) costs for interest and commission as at 30 June 2006, 31 December 2005, 31 December 2004 and 31 December 2003.

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<i>(in thousands of euro)</i>	30.06.06	%	31.12.05	%	31.12.04	%	31.12.03	%
	incidence		incidence		incidence		incidence	
Tangible and intangible fixed assets:								
Acquired from:								
- purchase of business units from SNAI Servizi S.r.l. gross payment by agreement	256,402	66.17%	0	0.00%	0	0.00%	0	0.00%
- Connex S.r.l.	140	0.04%	14	0.22%		0.00%		0.00%
Total fixed assets	256,542	66.21%	14	0.22%	—	0.00%	—	0.00%
Trade receivables:								
- SNAI Servizi S.r.l. shareholders	4,931	24.64%	3,540	20.73%	2,879	24.25%	1,898	13.58%
- SNAI Servizi S.r.l.	6	0.03%	0	0.00%	2	0.02%	87	0.62%
- Tivu + S.p.A. in liquidation	31	0.15%	5	0.03%	50	0.42%		0.00%
- Ristomisto S.r.l. in liquidation		0.00%		0.00%		0.00%	27	0.19%
- SNAI Promotion S.r.l. in liquidation		0.00%		0.00%		0.00%	83	0.59%
- Teleippica S.r.l.	11	0.05%	3	0.02%		0.00%		0.00%
	4,979	24.87%	3,548	20.78%	2,931	24.69%	2,095	14.98%
Other assets:								
- to Teleippica S.r.l.		0.00%		0.00%	441	3.65%	441	6.29%
- to Tivu + S.p.A. in liquidation	478	1.25%	478	1.53%	1,482	12.28%	865	12.33%
	478	1.25%	478	1.53%	1,923	15.93%	1,306	18.62%
Loans:								
- to SNAI Promotion S.r.l. in liquidation	108	2.25%	76	1.94%	130	3.39%	98	1.90%
- to SNAI Servizi S.r.l.	1,938	40.32%	1,378	35.17%	2,733	71.19%	4,607	89.53%
- to La Televisione S.r.l. in liquidation	43	0.89%	42	1.07%	34	0.89%		0.00%
- to Ristomisto S.r.l. in liquidation	745	15.50%	717	18.30%	649	16.91%	102	1.98%
- to Tivu + S.p.A. in liquidation	758	15.77%	587	14.98%		0.00%		0.00%
- to Teleippica S.r.l.		0.00%		0.00%		0.00%	11	0.21%
- to Teseo S.r.l. in liquidation	1,214	25.27%	1,119	28.54%	148	3.86%		0.00%
	4,806	100.00%	3,919	100.00%	3,694	96.24%	4,818	93.62%
Total loans	10,263	16.24%	7,945	15.18%	8,548	30.77%	8,219	31.45%
Trade payables:								
- SNAI Servizi S.r.l. shareholders	1,422	6.17%	1,129	7.29%	443	2.74%		0.00%
- associate Connex S.r.l.	317	1.38%	128	0.83%	44	0.27%	54	0.28%
- SNAI Servizi S.r.l.	135	0.59%	29	0.19%	9	0.06%	45	0.23%
- Tivu + S.p.A. in liquidation	43	0.19%	43	0.28%	43	0.27%	71	0.36%
- Teseo S.r.l. in liquidation		0.00%		0.00%	11	0.07%	1,116	5.70%
- Teleippica S.r.l.	0	0.00%	127	0.82%	43	0.27%		0.00%
	1,917	8.33%	1,456	9.41%	593	3.68%	1,286	6.57%
Other current and non-current liabilities:								
- SNAI Servizi S.r.l. shareholders business unit acquisitions deferment	56,984	40.44%	0	0.00%	—	0.00%	—	0.00%
Loans:								
- from Teseo S.r.l. deferment		0.00%		0.00%		0.00%	121	1.74%
- from Teleippica S.r.l.	4,402	77.88%	147	6.03%		0.00%		0.00%
	4,402	77.88%	147	6.03%	—	0.00%	121	1.74%
Total creditors	63,303	38.61%	1,603	8.95%	593	3.68%	1,407	5.30%

Section One – Information about the Issuer

<i>(in thousands of euro)</i>	1 st half	%	2005	%	2004	%	2003	%
	2006	incidence	incidence	incidence	incidence	incidence	incidence	incidence
Income from provision of services and re-debiting:								
- SNAI Servizi S.r.l. shareholders	6,966	2.93%	19,518	22.75%	20,578	28.97%	16,734	23.37%
- SNAI Servizi S.r.l.	91	0.04%	224	0.26%	245	0.34%	91	0.13%
- Tivu + S.p.A. in liquidation	2	0.00%	15	0.02%	46	0.06%	78	0.11%
- La Televisione S.r.l. in liquidation		0.00%		0.00%		0.00%	7	0.01%
- SNAI Promotion S.r.l. in liquidation		0.00%		0.00%		0.00%	22	0.03%
- Teseo S.r.l. in liquidation		0.00%	49	0.06%		0.00%		0.00%
- Teleippica S.r.l.	237	0.10%	574	0.67%	161	0.23%		0.00%
	7,296	3.07%	20,380	23.76%	21,030	29.60%	16,932	23.65%
Interest receivable:								
- SNAI Promotion S.r.l. in liquidation	3	0.37%	10	1.75%	4	0.27%		0.00%
- La Televisione S.r.l. in liquidation	2	0.25%	1	0.17%	1	0.07%		0.00%
- Ristomisto S.r.l. in liquidation	28	3.46%	49	8.57%	41	2.74%		0.00%
- Tivu + S.p.A. in liquidation	43	5.31%	115	20.10%	86	5.74%		0.00%
- Teseo S.r.l. in liquidation	45	5.56%	61	10.66%	3	0.20%		0.00%
- Teleippica S.r.l.	0	0.00%	42	7.34%	6	0.40%		0.00%
- SNAI Servizi S.r.l.	69	8.52%	113	19.76%	363	24.23%	167	38.13%
	190	23.47%	391	68.35%	504	33.65%	167	38.13%
Total income	7,486	3.14%	20,771	24.05%	21,534	29.69%	17,099	23.73%
Costs for provision of services and re-debiting:								
- SNAI Servizi S.r.l. shareholders	23,716	11.89%	2,278	5.99%	693	2.49%		0.00%
- SNAI Servizi S.r.l.	433	0.22%	456	1.20%	854	3.07%	350	1.34%
- Connext S.r.l.	250	0.13%	337	0.89%	276	0.99%	187	0.71%
- Teseo S.r.l. in liquidation		0.00%	21	0.06%		0.00%		0.00%
- Tivu + S.p.A. in liquidation		0.00%		0.00%	57	0.20%		0.00%
- Teleippica S.r.l.	172	0.09%	90	0.24%	53	0.19%		0.00%
	24,571	12.33%	3,182	8.38%	1,933	6.94%	537	2.05%
Interest payable and commissions:								
- Commissions on guarantees from SNAI Servizi S.r.l.	150	1.42%	302	10.79%	302	10.19%	310	7.33%
- Interest payable to Teseo S.r.l. in liquidation		0.00%		0.00%	14	0.47%	166	3.92%
- Interest payable to La Televisione S.r.l. in liquidation		0.00%		0.00%		0.00%	9	0.21%
- Interest payable to Teleippica S.r.l.	108	1.02%	0	0.00%	0	0.00%	0	0.00%
	258	2.44%	302	10.79%	316	10.66%	485	11.46%
Total costs	24,829	11.82%	3,484	8.54%	2,249	7.30%	1,022	3.36%

In order to give a better insight into the above information, the table below highlights the SNAI Group company debtors, detailing credit advanced to SNAI Servizi shareholders and, within the context of these, to the companies in which SNAI directors hold a joint share, subdivided by type of services.

Trade receivables	Services and Products			
	30.6.2006	31.12.2005	31.12.2004	31.12.2003
SNAI Servizi shareholders				
- from Group companies	87	29	54	2
- from SNAI	1,528	1,619	1,456	1,526
Of which to shareholders in which a stake is also held by SNAI directors				
- from Group companies	4	10	1	0
- from SNAI	341	259	40	262
	Tris and lottery competition collection			
	30.6.2006	31.12.2005	31.12.2004	31.12.2003
SNAI Servizi shareholders				
- from Group companies	0	0	0	0
- from SNAI	342	107	177	370
Of which to shareholders in which a stake is also held by SNAI directors				
- from Group companies	0	0	0	0
- from SNAI	247	2	2	79
	Betting Points Slot Machines and Licences*			
	30.6.2006	31.12.2005	31.12.2004	
SNAI Servizi shareholders				
- from SNAI	2,974	1,785	1,192	
Of which to shareholders in which a stake is also held by SNAI directors				
- from SNAI	1,574	722	426	

* For this type of credit as at 31.12.2004 and 31.12.2005 there were only credits for slot machines; the new activity of direct management of Licences for the collection of horseracing and sports bets was added from 30.06.2006.

The increase in the values given in the table above is a direct result of the trend in both new activity and the extension of previous activity carried out by the Company. It therefore follows that also credit provided to SNAI Servizi shareholders has also followed the same trend.

Acquisition

The Acquisition, described in more detail in Chapter V, Paragraph 5.1.5 a), represents a transaction with Related Parties since the majority of Business Units acquired by SNAI with the Acquisition were directly or indirectly held by members of the SNAI Board of Directors who were owners, directly and/or indirectly, through companies in which they held a shareholding or headed by their relatives (See attachment 4 to this Prospectus in this regard).

The members of the SNAI Board of Directors are in the majority of cases indirectly shareholders, through companies in which they hold shares, of the parent company SNAI Servizi, while six of the nine directors of SNAI are members of the Board of Directors of SNAI Servizi, which comprises 15 members.

In addition, all the Former Licence-Holders (with the exception of two) prior to transfer to SNAI of the Business Units availed themselves of services provided by SNAI in capacity of service provider for management of the slot machine network. For further details in relation to this service refer to the information provided in Paragraph 6.1.1 a) of this Prospectus, "Betting and Gaming Area".

Given the existence, in relation to the Acquisition, of typical risks associated with potential conflicts of interest of Related Parties, the members of the SNAI Board of Directors with an interest in the Acquisition, in compliance with the provisions of Art. 2391 of the Italian Civil Code, gave detailed notice of this interest to the other Directors and to the Board of Statutory Auditors during the Board of Directors meeting of 29 June 2005, which resolved to proceed with the Acquisition. This information was declared again in subsequent Company Board of Directors meetings. In order to implement the Acquisition under essentially transparent and proper conditions, the SNAI Board of Directors carried out evaluation and selection of the Business Units on the basis of objective criteria, applied in general terms to the Business Units and identified with the assistance of consultants.

In addition, on application of Article 2391-*bis* of the Italian Civil Code and the recommendations of the Corporate Governance Code, the Board of Directors has made use of independent expert consultants, requesting the company Baker Tilly Consulaudit S.p.A to provide a fairness opinion, which has confirmed the fairness of the overall payment paid by the Company for the purchase of the Business Units.

Subject to subscription to all the purchase Option Contract for which the owners of the Business Units had indicated their intention to subscribe, it then exercised the purchase option right for all 450 Business Units, excluding only two Business Units from the subscription as the debts involved in these exceeded the amount of the payment SNAI would have had to pay to the transferor on the basis of the formula indicated in the relative Option Contract.

By acquiring all the Business Units for which it had an Option Contract, without applying any other selection to the same other than that based on the objective criteria just explained, the Company Board of Directors adopted an approach suitable for ensuring equal treatment of all subjects that offered the Company the option to buy, therefore independently of the existence of relations between the Company and members of the Board of Directors.

The total payment estimated by the Board of Directors relative to the Business Units acquired is approximately EUR 358.5 million, of which EUR 223 million, was already paid at the time of stipulation of the deeds before a Notary. The remaining part of the payment, in accordance with the Option Contracts, had to be paid to the Former Licence-Holders of the Business Units, net of agreed amounts due to AAMS of EUR 46 million, in five subsequent instalments of equal amounts, not subject to interest, with due date of 30 May of each year from 2007 to 2011, the so-called Vendor Loan. The Company has decided repay the Vendor Loan early.

Finally, the Loan transaction relative to the Acquisition involved the signing of the Junior Loan Agreement with Solar S.A., to be considered as a related party as the Company has a shareholding of 30% in the same. Solar S.A. is a company under Luxembourg Law, controlled by FCCD Limited, a company under Irish Law. It does not fall within the consolidation area of the SNAI Group and the directors are declared by the majority shareholder. The company Solar S.A. has obtained the financial resources necessary for disbursement of the Junior Loan by means of the issue of preferred equity shares, subscribed by third parties.

The characteristics of the Junior Loan Agreement have been determined within the wider context of the overall loan restructuring.

For further information in relation to the Acquisition and to Loan Agreements see Chapter XXII of this Prospectus.

For further information on relations in existence and/or previous relations between the Company and/or SNAI Group companies and SNAI directors, see paragraph “Relationship with Related Parties and management bodies” in the SNAI six-monthly report as at 30 June 2006 and the management report in the financial statements for 2003, 2004 and 2005, available on both the Company’s website and on the Borsa Italiana website.

Repayment of the Vendor Loan

With the net proceeds the Company receives from the Capital Increase, the Company intends to repay the Vendor Loan early to the Former Licence-Holders that accept the early repayment offer. The original nominal value of the Vendor Loan of EUR 79.9 million is expected to be repaid at a lower value, calculated on the basis of the actual net value of the Vendor Loan on the date of the repayment. The actual net value of the Vendor Loan as at 30 June 2006 was EUR 66.7 million. With the early repayment, the Former Licence-Holders, many of whom are shareholders in SNAI Servizi, will receive funds they can use to capitalise SNAI Servizi, thus contributing to the partial repayment of the loan for EUR 105 million granted by UBI to SNAI Servizi for the latter to use to subscribe the Shares it is entitled to subscribe in option as a result of the Capital Increase.

XX INFORMATION REGARDING THE ASSETS AND LIABILITIES, FINANCIAL SITUATION AND PROFITS AND LOSSES OF THE ISSUER

20.1 Financial information from previous years

Following the entry into force of EC Regulation 1606/2002 of the European Parliament and the European Council of 19 July 2002, companies whose securities are admitted to trading on a regulated market in any of the European Union Member States are required to prepare their consolidated financial statements in accordance with IFRS beginning in 2005.

Accordingly, the Company began preparing its consolidated accounts in accordance with IFRS starting with the year ended 31 December 2005; consequently, in accordance with IFRS 1 (First-time Adoption of International Financial Reporting Standards), the date of transition to IFRS is 1 January 2004.

Prior to the year ended 31 December 2004, the Company prepared its consolidated accounts according to the Italian GAAP.

The preparation of the consolidated financial statements at 31 December 2005 in accordance with IFRS resulted in the adoption of different accounting standards than those used for preparing the last consolidated accounts in accordance with Italian GAAP.

To allow the comparison of information with the previous year, the Company has prepared the reconciliations required by IFRS 1 with reference to the consolidated financial statements at 31 December 2004. These reconciliations, which include an explanation of the main adjustments to the 2004 information, are provided in the appendix to the consolidated financial statements for the year ended 31 December 2005. The appendix also specifies the method and quantification of the effects of the transition to IFRS and the impact of the application of IFRS 1 on the consolidated financial statements at 31 December 2004 as compared to the consolidated financial statements prepared in accordance with Italian GAAP.

The consolidated financial statements at 31 December 2005 prepared and published by the Company present the information from the consolidated financial statements at 31 December 2004 restated in a format that meets the disclosure and measurement requirements prescribed by the IFRS approved by the European Commission.

The IFRS international accounting standards that were adopted in preparing the financial statements at 31 December 2005 were also applied in restating the financial statements at 31 December 2004 for comparative purposes and in preparing the opening balance sheet at 1 January 2004 for the purpose of transitioning to IFRS, as required by IFRS 1.

Considering the previously mentioned change in the accounting standards adopted in preparing the consolidated financial statements, and in order to provide a full understanding of the SNAI Group's financial statements from past years, this chapter includes the following information on the SNAI Group's assets and liabilities, financial situation and profits and losses:

- consolidated balance sheets, profit and loss accounts and cash flow statements and statements of changes in consolidated equity for the years ended 31 December 2005 and 31 December 2004 prepared in accordance with IFRS;

- consolidated balance sheets, profit and loss accounts and cash flow statements and statements of changes in consolidated equity for the years ended 31 December 2004 and 31 December 2003 prepared in accordance with Italian GAAP;

The information provided below was taken from the Company's consolidated financial statements presented by the Company's ordinary general meetings held on 3 May 2005, 11 May 2005 and 15 May 2006. Where necessary, the information is reclassified and adjusted to allow comparison.

Unless otherwise indicated, all amounts are expressed in thousands of euro.

For further information, refer to SNAI's consolidated and entity-only financial statements for 2003, 2004 and 2005. The financial statements can be obtained from the Company's registered office in Porcari (LU), Via Boccherini 39, from the offices of Borsa Italiana S.p.A. in Milan, Piazza Affari, 6 or on the Company's website www.snai.it.

20.1.1 SNAI Group consolidated balance sheet and profit and loss account for the years ended 31 December 2005 and 31 December 2004 prepared under IAS/IFRS

SNAI Group - Consolidated balance sheet at 31 December 2005

<i>(in thousands of euro)</i>	31/12/2005	31/12/2004
Assets		
Non-current assets		
Property, plant and equipment owned	119,265	121,841
Assets held under finance leases	5,093	5,806
Total tangible fixed assets	124,358	127,647
Goodwill and consolidation differences	11,730	11,210
Other intangible assets	3,022	2,957
Total intangible fixed assets	14,752	14,167
Investments accounted for using the equity method	1,550	1,226
Investments in other companies	542	152
Total equity investments	2,092	1,378
Other financial assets	145	145
Deferred tax assets	11,535	5,269
Other non-financial assets	368	1,731
Total non-current assets	153,250	150,337
Current assets		
Inventories	4,739	6,543
Trade receivables	17,078	11,872
Other assets	31,332	12,072
Other current financial assets	3,279	3,200
Cash and cash equivalents	10,131	13,986
Held-for-sale assets	7	
Total current assets	66,566	47,673
Total Assets	219,816	198,010
Liabilities and Equity		
Group equity		
Share capital	28,570	28,570
Reserves	44,903	35,111
Profit (loss) for the year	10,385	9,791
Total Group equity	83,858	73,472
Minority interests in equity	1,562	1,596
Total equity	85,420	75,068
Non-current liabilities		
Severance pay	9,758	7,962
Non-current financial liabilities	36,059	44,563
Deferred taxes	19,004	18,442
Provisions for risks and charges	3,651	4,177
Sundry payables and other non-current liabilities	57	29
Total non-current liabilities	68,529	75,173
Current liabilities		
Trade payables	15,481	16,166
Other liabilities	40,247	24,296
Current financial liabilities	2,439	2,207
Current portions of long-term loans	7,700	5,100
Total financial liabilities	10,139	7,307
Total current liabilities	65,867	47,769
Total Liabilities and Equity	219,816	198,010

SNAI Group - Consolidated balance sheet at 31 December 2005

<i>(in thousands of euro)</i>	31.12.2005	31.12.2004
Sales and service revenues	80,229	69,267
Other revenues and income	5,566	1,774
Increases in fixed assets due to internal works	720	425
Changes in inventories of finished and semifinished goods	(118)	102
Total value of production	86,397	71,568
Raw materials and consumables used	(3,996)	(4,204)
Cost of services and leased assets	(38,013)	(27,849)
Personnel expenses	(19,745)	(17,736)
Other operating expenses	(6,429)	(307)
Gross operating margin (EBITDA)	18,214	21,472
Depreciation and amortisation	(8,815)	(8,953)
Reversals of impairment (impairment) of non-current assets	0	(6)
Capital gains (losses) realised on non-current assets	(84)	1,221
Operating result (EBIT)	9,315	13,734
Income and expenses attributable to equity investments	36	(1,117)
Financial income	572	1,498
Financial expense	(2,799)	(2,965)
Total financial income and expense	(2,191)	(2,584)
Net profit (loss) from discontinued/held-for-sale operations	0	0
PRETAX RESULT	7,124	11,150
Income taxes	3,227	(1,394)
Profit (loss) for the year	10,351	9,756
Attributable to:		
Group profit (loss) for the year	10,385	9,791
Minority interests in profit (loss) for the year	(34)	(35)
Basic earnings per share	0.19	0.18
Diluted earnings per share	0.19	0.18

20.1.2 Schedule of changes in SNAI Group equity for the years ended 31 December 2005 and 31 December 2004 - IAS/IFRS

<i>(in thousands of euro)</i>	Share Capital	Legal Reserve	Translation Reserve	Extraordinary Reserve	Profit (Loss) Carried Forward	Profit (Loss) For The Year	Total Group	Total Minority Interests
Balance at 31/12/03	28,570	472	(1)		26,169	8,472	63,682	1,634
Capital increase								
Profit (loss) 2003		415		7,891	166	(8,472)	0	
Change in consolidation area								(3)
Profit (loss) at 31/12/04						9,791	9,791	(35)
Balance at 31/12/04	28,570	887	(1)	7,891	26,335	9,791	73,473	1,596
	Share Capital	Legal Reserve	Translation Reserve	Extraordinary Reserve	Profit (Loss) Carried Forward	Profit (Loss) For The Year	Total Group	Total Minority Interests
Balance at 31/12/04	28,570	887	(1)	7,891	26,335	9,791	73,473	1,596
Capital increase								
Profit (loss) 2004		381		7,240	2,170	(9,791)	0	
Change in consolidation area								
Profit (loss) at 31/12/05						10,385	10,385	(34)
Balance at 31/12/05	28,570	1,268	(1)	15,131	28,505	10,385	83,858	1,562

20.1.3 SNAI Group consolidated cash flow statement for the years ended 31 December 2005 and 31 December 2004 prepared under IAS/IFRS

<i>(in thousands of euro)</i>	2005	2004
CASH FLOW – OPERATING ACTIVITIES		
Group profit (loss) for the year	10,385	9,791
Minority interests in profit (loss) for the year	-34	-35
Depreciation and amortisation	8,815	8,953
Impairment/reversal of impairment of non-current assets (including equity investments)		6
Net change in deferred tax assets/liabilities	-5,704	-715
Change in provisions for risks	-526	-2,328
Capital gains (losses) realised on non-current assets (including equity investments)	84	-1,221
Portion of profit (loss) of investments accounted for using the equity method	-36	1,113
Net changes in non-current commercial and miscellaneous assets and liabilities and other changes	1,391	-1,670
Net changes in current commercial and miscellaneous assets and liabilities and other changes	-7,403	347
Net change in severance pay	1,796	640
CASH FLOW GENERATED (USED) BY OPERATING ACTIVITIES (A)	8,768	14,881
CASH FLOW – INVESTMENT ACTIVITIES		
Investment in tangible assets (-)	-4,224	-8,844
Investment in intangible assets (-)	-2,182	-1,007
Investments in other non-current assets (-)	-908	-303
Acquisition of subsidiaries, net of cash acquired	0	-92
Changes in financial receivables and other financial assets	-79	1,761
Consideration received for the sale of subsidiaries, net of cash disposed of	0	1,233
Consideration received for the sale of tangible, intangible and other non-current assets	295	322
Cash Flow Generated (Used) by Investment Activities (B)	-7,098	-6,930
Cash Flow – Financing Activities		
Net change in financial liabilities	-5,450	-1,194
Consideration received for equity instruments		
Capital increases/reimbursements net of start-up and expansion costs		
Dividends paid to minority shareholders (including distribution of reserves)		
Cash Flow Generated (Used) by Financial Activities (C)	-5,450	-1,194
Cash Flow – Assets Sold or held for sale (D)		
Total Cash Flow (A+B+C+D)	-3,780	6,757
Net Initial Financial Resources (Indebtedness)	12,863	6,106
Net Effect of Foreign Currency Translation on Liquidity		
Net Final Financial Resources (Indebtedness) (E+F+G)	9,083	12,863

RECONCILIATION OF NET FINAL FINANCIAL RESOURCES (INDEBTEDNESS)

Cash and Cash Equivalents Net of Short-Term Financial Debt at Beginning of Year, Broken Down as Follows:		
Cash and cash equivalents	13,986	7,331
Bank overdrafts	-1,123	-1,225
Discontinued Operations		
	12,863	6,106
Cash and Cash Equivalents Net of Short-Term Financial Debt at End of Year, Broken Down as Follows:		
Cash and cash equivalents	10,131	13,986
Bank overdrafts	-1,048	-1,123
Discontinued Operations		
	9,083	12,863

20.1.4 SNAI Group consolidated balance sheet and profit and loss account for the years ended 31 December 2005 and 31 December 2004 prepared under Italian GAAP

<i>(in thousands of euro)</i>	31.12.04	31.12.03
Assets		
(A) Unpaid share capital		
(B) Fixed assets:		
I Intangible fixed assets		
1) Start-up and expansion costs	74	163
2) Research, development and advertising costs	342	124
3) Industrial patent and intellectual property rights	1,219	2,047
4) Concessions, licences, trademarks and similar rights	448	820
5) Goodwill	7,511	10,769
6) Work in progress and payments on account	15	8
7) Other	1,253	1,934
8) Consolidation differences	304	368
Total	11,166	16,233
II Tangible fixed assets		
1) Land and buildings	67,909	69,512
2) Plant and equipment	6,587	7,612
3) Industrial and commercial equipment	766	862
4) Other assets	600	629
5) Assets under construction and payments on account	471	386
Total	76,333	79,001
III Financial fixed assets		
1) Equity investments in		
b) affiliates	1,683	2,194
d) other companies	152	46
Total equity investments	1,835	2,240
2) Receivables due within one year		
d) from others	979	888
2) Receivables due after one year		
d) from others	1,266	359
Total receivables	2,245	1,247
3) Other securities	145	145
Total	145	145
Total financial fixed assets	4,225	3,632
TOTAL FIXED ASSETS (B)	91,724	98,866
(C) Current assets		
I Inventories		
1) Raw and ancillary materials and consumables	1,117	1,197
2) Work in progress and semifinished products	407	427
4) Finished products and goods for resale	5,019	5,418
Total	6,543	7,042
II Receivables		
- due within one year		
1) from customers	11,880	12,940
2) from subsidiaries	335	321
3) from parent companies	2,734	4,694
4-bis) tax credits	835	626
4-ter) deferred tax assets	4,421	2,414
5) from others		
a) from associated companies	1,923	865
b) from others	3,663	2,598
- due after one year		

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1)	from customers	198	33
4-bis)	taxes receivable	214	214
5)	from others		
a)	from associated companies	36	0
b)	from others	17	23
Total		26,256	24,728
III	Financial assets not held as fixed assets		
1)	Investments in subsidiaries	1	1
6	Other securities	145	0
Total		146	1
IV	Liquid assets		
1)	Deposits at banks and post offices	13,904	7,253
2)	Cheques	3	0
3)	Cash on hand	79	78
Total		13,986	7,331
Total Current Assets (C)		46,931	39,102
(D) Accrued income and prepaid expenses		2,259	1,820
Total Assets		140,914	139,788

<i>(in thousands of euro)</i>	31.12.04	31.12.03
Liabilities and Equity		
(A) Equity		
I Share capital	28,570	28,570
II Share premium account		
IV Legal reserve	887	472
VII Other reserves		
1) Extraordinary reserve	7,891	0
2) Translation reserve	-1	-1
Total other reserves	7,890	-1
VIII Profit (Loss) Carried Forward	1,049	883
IX Group Profit (Loss) For The Year	7,681	8,472
Total Group Equity	46,077	38,396
Reserve capital attributable to minority interests		
- Capital and reserves attributable to minority interests	662	665
- Minority interests in profit (loss) for the year	-28	10
Total minority interests in equity	634	675
Total Consolidated Equity (A)	46,711	39,071
(B) Provisions for risks and charges		
1) pension funds and similar obligations	10	7
2) current and deferred taxes	122	0
3) other	4,120	6,500
Total Provisions For Risks And Charges (B)	4,252	6,507
(C) Severance pay	6,875	6,251
(D) Payables due within one year		
4) Due to banks	6,317	6,325
5) Due to other lenders	45	516
6) Payments on account	23	58
7) Due to suppliers	16,264	18,799
8) Notes payable	0	0
9) Due to subsidiaries	11	1,237
10) Due to associated companies	518	0
11) Due to parent companies	7	45
12) Tax payables	2,016	4,985
13) Due to social security institutions	4,277	884
14) Other payables		
a) to associated companies	86	71
b) to others	12,796	7,994
(D) Payables due after one year		
4) Due to banks	40,387	46,040
5) Due to other lenders	—	—
7) Due to suppliers	0	239
14) Other payables	29	358
Total payables	82,776	87,551
(E) Accrued expenses and deferred income	300	408
Total Liabilities	140,914	139,788

Memorandum Accounts	69,275	43,920
1) Other depositors in cash, bills or merchandise	99	97
2) Guarantees	26,385	19,224
3) the UNIRE for government securities and guarantees	145	145
4) Third parties for consigned goods and assets on gratuitous loan for use	7,458	3,762
5) Assets held by third parties under lease	3,107	0
6) Pledged Trenno shares deposited with IS.FI.ME.	4,213	4,213
7) Leased assets and operating leases	8,444	3,033
8) Lease commitments and operating leases	8,841	525
9) Letters of comfort for associated companies	0	1,907
10) Guarantees granted to associated companies	406	406
11) Guarantees received from parent companies	9,813	9,813
12) Bills of exchange from customers	30	104
13) Bills receivable sold to suppliers	334	691

Profit and Loss Account	31.12.04	31.12.03
<i>(in thousands of euro)</i>		
(A) Value of production		
1) Sales and service revenues	69,433	68,156
2) Changes in inventories of work in progress and finished products	102	183
3) Changes in inventories of contract work in progress	—	—
4) Increases in assets due to internal work	425	0
5) Other revenues and income	6,209	3,459
Total value of production (A)	76,169	71,798
(B) Costs of production		
6) Raw and ancillary materials, consumables and goods for resale	3,574	1,224
7) For services	26,092	26,198
8) For leased assets	2,620	3,403
9) For personnel		
a) salaries and wages	12,685	12,381
b) social security	3,519	3,428
c) severance pay	975	979
e) other costs	19	14
Total personnel expenses	17,198	16,802
10) Depreciation, amortisation and impairments		
a) amortisation of intangible fixed assets	5,735	6,353
b) depreciation of tangible fixed assets	5,513	5,586
c) other impairments of fixed assets	—	—
d) impairment losses on current assets	636	309
Total depreciation, amortisation and impairments	11,884	12,248
11) Changes in inventories of raw and ancillary materials, consumables and goods for resale	622	1,578
12) Provisions for risks	851	780
14) Miscellaneous operating costs	2,235	1,785
Total costs of production (B)	65,076	64,018
Difference between the value and costs of production (A-B)	11,093	7,780
(C) Financial income and expense		
15) Income attributable to equity investments		
1) from subsidiaries	1,123	0
Total 15	1,123	0
16) Other financial income		
b) from securities held as fixed assets other than equity investments	7	7
d) other income from		
1) subsidiaries	55	18
3) parent companies	363	167
5) others	223	237
Total 16	648	429
Total 15 + 16	1,771	429
17) Interest and other financial expense attributable to:		
1) subsidiaries	14	175
3) parent companies	302	310
5) others	2,547	3,249
Total 17	2,863	3,734
17bis) Exchange gains (losses)	-62	-488
Total (15+16-17+17bis) (C)	-1,154	-3793
(D) Adjustments to financial fixed assets		
18) Revaluations of		
a) investments (accounted for using the equity method)	48	332
b) financial fixed assets not held as equity investments	5	5
19) Impairment of		
a) equity investments	1,169	498

c)	securities held as current assets other than equity investments	6	0
Total adjustments (18-19) (D)		-1,122	-161
(E) Extraordinary income and charges			
20)	Extraordinary income	3,181	6,829
21)	Extraordinary charges	4,122	612
Total extraordinary items (20-21)		-941	6,217
Earnings before taxes (A-B+C+D+E)		7,876	10,043
22)	Income taxes	223	1,561
23)	Profit for the year	7,653	8,482
Minority Interests in Profit (Loss) for the year		28	-10
Group Profit (Loss) for the year		7,681	8,472

20.1.5 Schedule of changes in SNAI Group equity for the years ended 31 December 2005 and 31 December 2004 - IAS/IFRS

At 31 December 2004

		Book value	Changes during the year		Book value at
		at 31/12/2003	Increases	Decreases	31/12/2004
I	Share capital	28,570			28,570
II	Share premium account				
III	Revaluation reserve				
	Reserve as per Law no. 576 of 2/12/1975				
	Reserve as per Law no. 72 of 19/3/1983				
	Reserve as per Law no. 413 of 30/12/1991				
	Reserve as per Law 342/00				
IV	Legal reserve	472	415		887
V	Reserve for own shares				
VI	Reserves as per By-laws				
VII	Other reserves	-1	7,891		7,890
	Extraordinary reserve		7,891		7,891
	Translation reserve	-1			-1
	Reserve for capital gains on sales - reserve for reinvested capital gains				
VIII Profit (loss) carried forward		883	166		1,049
	Profit from previous years	883	166		1,049
	Reserve for reinvested capital gains (Article 54/597)				
Total reserves		1,354	8,472		9,826
IX	Profit (loss) for the year	8,472	7,681	-8,472	7,681
	Profit 2002				
	Profit 2003	8,472		-8,472	
	Profit 2004		7,681		7,681
Total Group equity		38,396	16,153	-8,472	46,077
X	Minority interests in equity	675		-41	634
Total consolidated equity		39,071	16,153	-8,513	46,711

At 31 December 2003

	Book value at 31/12/2002	Changes during the year		Book value at 31/12/2003
		Increases	Decreases	
I Share Capital	28,570			28,570
II Share Premium Account	12,107		-12,107	
III Revaluation Reserve				
Reserve As Per Law no. 576 Of 2/12/1975				
Reserve As Per Law no. 72 Of 19/3/1983				
Reserve As Per Law no. 413 Of 30/12/1991				
Reserve As Per Law 342/00				
IV Legal Reserve	2,290		-1,818	472
V Reserve for own Shares				
VI Reserves as per By-laws				
VII Other Reserves	5,734		-5,735	-1
Extraordinary Reserve	5,735		-5,735	
Translation Reserve	-1			-1
Reserve for capital gains on sales - reserve for reinvested capital gains				
VIII Profit (Loss) carried forward	139	744		883
Profit From Previous Years	139	744		883
Reserve For Reinvested Capital Gains (Article 54/597)				
Total Reserves	20,270	744	-19,660	1,354
IX Profit (Loss) for the year	-18,916	8,472	18,916	8,472
Loss 2002	-18,916		18,916	
Profit 2003		8,472		8,472
Total Group Equity	29,924	9,216	-744	38,396
X Minority Interests In Equity	650	25		675
Total Consolidated Equity	30,574	9,241	-744	39,071

20.1.6 SNAI Group consolidated cash flow statement for the years ended 31 December 2005 and 31 December 2004 prepared under Italian GAAP

<i>(in thousands of euro)</i>	31/12/2004	31/12/2003
A. Net Initial Financial Resources (Indebtedness)	-40,851	-62,964
B. Cash Flow – Operating Activities		
Group profit (loss) for the year	7,681	8,472
Minority interests in profit (loss) for the year	-28	10
Profit (loss) of investments accounted for using the equity method	1,121	166
Depreciation and amortisation	11,248	11,939
Capital (gains) losses realised on fixed assets (Revaluations) impairment of fixed assets	-1,221	-48
Change in net working capital	-4,117	4,217
Net change in severance pay	624	254
	15,308	25,010
C. Cash Flow – Investments in Fixed Assets		
Intangible fixed assets (-): acquisitions change in consolidation area	-1,022	-929
Tangible fixed assets (-): acquisitions change in consolidation area	-2,644	-1,911
Financial fixed assets (-): acquisitions change in consolidation area	-2,046	-279
reclassifications to/from current assets	-40	-50
+ Proceeds from the sale of fixed assets	1,569	170
	-4,085	-2,864
D. Cash Flow – Financing Activities		
New loans		
Contributions from parent companies or third parties (mergers)		
Capital contributions/expert assessment by CRAI		
Loans repayments (-)		
Capital repayments to parent companies or third parties (-)		
Change in financial liabilities net of financial receivables		
E. Change in Financial Resources Following Changes in Consolidation Area		
Companies added to consolidation area	66	
Difference in minority interests in equity		17
Companies removed from consolidation area		-50
	66	-33
F. Distribution of Dividends		
Dividends paid by the parent company		
Dividends paid by consolidated companies to minority shareholders		
G. Net Exchange Gains (Losses) from Translation of Financial Statements Denominated in Foreign Currencies		
H. Net Cash Flow for the Period (B+C+D+E+F+G)	11,289	22,113
I. Net Final Financial Resources (A+H) (Net Final Financial Indebtedness)	-29,562	-40,851

20.1.7 Accounting standards and explanatory notes for the years ended 31 December 2005, 31 December 2004 and 31 December 2003

For the accounting standards and explanatory notes for the years ended 31 December 2005, 31 December 2004 and 31 December 2003, refer to the financial statements prepared by SNAI for each of those years.

20.2 Pro-forma financial information

20.2.1 Pro-forma financial information at 31 December 2005

20.2.1.1 Preamble

This chapter includes schedules containing the SNAI Group's pro-forma consolidated data for the year ended 31 December 2005. In the schedules, the procedures explained in the following paragraphs ("General Principles Used") were used to give retroactive effect to the Acquisition of the Business Units and the Loan obtained to allow the acquisition to be completed.

The pro-forma consolidated information as at 31 December 2005 was prepared based on the SNAI Group's consolidated financial statements at 31 December 2005 and the historical aggregate profit and loss and balance sheet data of the Business Units acquired, and by applying the pro-forma adjustments to give effect to the acquisition of the Business Units, as described below.

The Acquisition of the Business Units was completed on 3 April 2006; as such, the effects are recognised starting on 16 March 2006. The pro-forma data was prepared with reference to the year ended 31 December 2005. The principles adopted in preparing the pro-forma data require that such data refer to the Company's last fiscal year. SNAI's last fiscal year is the year ended 31 December 2005, and the financial statements and consolidated accounts for that period were approved at the shareholders' meeting of 15 May 2006. SNAI's financial statements at 31 December 2005 and the SNAI Group's consolidated financial statements at that same date were audited pursuant to Article 156 of Legislative Decree no. 58 of 24 February 1998 by the independent audit firm, which issued its report on 28 April 2006.

Pro-forma adjustments must be supported by objective and independently verifiable evidence. Accordingly, SNAI's Capital Increase was not considered in drafting the pro-forma consolidated accounts, as, at the date of preparation, it was deemed that these requirements could not be met, in part due to the lack of an underwriting syndicate.

20.2.1.2 Profit and loss, balance sheet and cash flow data for the Business Units acquired

As better explained in Chapter V, Paragraph 5.1.5 a), prior to the Acquisition, the Business Units were an integral part of the companies of the Former Licence-Holders; as such, historical accounting data pertaining to the Business Units is included in the financial statements of those companies. Such financial statements have not been audited. The Company does not have the financial statements of all of these companies, nor has it obtained from the Former Licence-Holders information on the economic and financial situation of the individual Business Units sold. As such, the ability to provide an accurate view of the aggregate profit and loss and balance sheet data of the Business Units acquired is subject to limitations. Bearing in mind these limitations, the Board of Directors of SNAI S.p.A. estimated the aggregate profit and loss and balance sheet data for the Business Units acquired using the information available to them and obtained confirmation of the resulting figures directly from AAMS and Società Generale d'Informatica S.p.A. (AAMS's information technology centre); the figures are therefore considered to be definite, existing, complete and accurate based

on the information available to SNAI, which is detailed in the following notes. The figures are expressed in thousands of euro and in conformity with the IFRS issued by the IASB and adopted by the European Commission.

Balance sheet	31 December 2004	31 December 2005	Notes
Fair value of Identified Liabilities	51,660	39,935	1
Goodwill	—	—	2
Concessions	—	—	2
Deferred taxes on Identified Liabilities	2,000	2,000	3

Profit and loss	2004	2005	
Revenues	475,313	517,734	4
Costs for prizes and applicable taxes	(337,332)	(360,712)	4
Costs for telecommunications services	(13,440)	(14,224)	5
Current and deferred taxes	(46,391)	(53,192)	6

1. Identified Liabilities include the fair value of payables for the “mandatory payments” due at 31 December 2005 and 31 December 2004; the amount due at 31 December 2005 was calculated based on the data provided by AAMS; the amount due at 31 December 2004 was calculated by adding the payments by the Betting Points in 2005 to the balance specified by AAMS. The book value of the Identified Liabilities at 31 December 2005 was EUR 46,038,000.
2. It is assumed that such intangible assets were not reported as assets in the balance sheets of the betting points at 31 December 2004 and 31 December 2005.
3. Deferred taxes were calculated on the difference between the fair value of the Identified Liabilities (which were calculated based on IFRS) and their tax basis.
4. As regards fixed-rate betting, i.e., bets for which the owner of the license assumes the entrepreneurial risk, revenues from the collection of bets reflect the volumes of bets. As for totaliser bets, revenues from sales are calculated as a percentage of the volume of bets collected. Revenues from sales and costs for prizes and applicable taxes are determined based on information gathered from SNAI’s computer systems, which provide real-time links between the SNAI Points and SNAI and Società Generale d’Informatica S.p.A. (AAMS’s information technology centre). These figures were confirmed directly by AAMS.
5. The costs for telecommunications services reflect the invoices issued by SNAI (as service provider) to the SNAI Points for their connections to the telecommunications network; the services were billed based on 1.2% of the volumes of both fixed-rate and totaliser bets. Such amount was determined by applying a premium of 1.2% to the volumes of both fixed-rate and totaliser bets obtained as described in point 4, above.
6. Although such Business Units were not subject to tax, the theoretical tax liability was calculated at 33% for IRES (Italian corporate income tax) and 4.25% for IRAP (Italian regional tax on production activities).

The profit and loss information above should not be considered to reflect the profitability of the individual Business Units, as additional costs associated with managing the bets that cannot be quantified by SNAI

were not included; such costs include personnel expenses, general and administrative costs of the SNAI Points and other indirect costs. Such costs were reflected in the pro-forma adjustments specified in the next chapter, as they are covered by specific contractual provisions between SNAI and the Former Licence-Holders.

Moreover, the Directors feel that the completion of the transaction could produce synergies that could significantly improve the profitability of the Business Units acquired compared to the past.

20.2.1.3 SNAI Group pro-forma profit and loss, balance sheet and cash flow data and related explanatory notes

Accounting information on the structure of the transaction

As better described in Chapter V, Paragraph 5.1.5 a) “The Acquisition”, the transaction involved the acquisition of 450 Business Units relating to Licences and the subsequent use by the Company of the know-how, professionalism and corporate organisation of the Former Licence-Holders, as set forth in the Management Contracts drawn up with the Former Licence-Holders. As set forth in the contracts, a portion of the gross consideration paid for the Business Units, which amounted to EUR 358.5 million, was allocated to Licences (25%, or EUR 89.6 million) and the rest was allocated to goodwill (75%, or EUR 268.9 million). The division between goodwill and Licences also reflects the tax basis of the intangible assets acquired, as opposed to the book basis, as explained below. The net consideration, on the other hand, is equal to the gross consideration less the liabilities of the Business Units assumed by the Company. Specifically, the acquisition agreements pertaining to the Business Units require that SNAI assume both the so-called “identified” liabilities as well as the “identifiable” liabilities. Identified liabilities include the amounts due for the deferred consolidated on sports bets collected and accepted as well as the so-called “mandatory payment” due to the Italian National Olympic Committee (CONI) at the effective date of the transfer of the Business Units. Identifiable liabilities are liabilities whose nature prevents their amount from being determined at the effective date of the transaction and, as such, were not included in the SNAI Group’s pro-forma financial statements. Such liabilities mainly include amounts due for the consolidated levied on players for bets (both totaliser and fixed-rate) that have been placed and accepted relating to events that had not yet taken place at the time of the transfer of the Business Units. Such amounts will reduce the final consideration and will be withheld from the Vendor Loan.

Furthermore, due to the accounting treatment of the transaction under IFRS in the SNAI Group’s pro-forma financial statements, when the identifiable liabilities become identified liabilities and are therefore recognised in SNAI’s accounts, the cost reduced by the liabilities acquired could change, with consequences on deferred taxes and the final calculation of goodwill.

The Loan Agreements place a number of responsibilities on SNAI. Furthermore, without prejudice to the foregoing, such agreements also specify that the occurrence of certain events may result in the exercise of an acceleration clause by lending institutions whereby all outstanding balances could become immediately due.

For additional information on the Loan Agreements, see the Section One of Chapter XXII “Loan Agreements and related Guarantees”.

The Directors of SNAI believe that the Company, its parent company, SNAI Servizi S.r.l., and its subsidiaries will be able to meet all commitments, obligations and corporate transactions set forth in the Loan Agreements and that SNAI will be able to repay the amount provided through the Loan Agreements

using the cash flows anticipated from the Company's operations following the Acquisition. In this context, it should be noted that the merger deed with subsidiary Ippodromi San Siro S.p.A. (formerly Trenno S.p.A.), which was one of the obligations included in the Loan Agreements, was drawn up on 29 September 2006, and thus met the time limit of 30 September 2006 specified in the agreements. The SNAI Group's pro-forma consolidated information as at 31 December 2005 was prepared on the basis of these assumptions.

Based on IFRS 3 ("Business Combinations"), the fair value of the Licences was recorded under the pro-forma consolidated assets; this amount differs from the amount agreed on by the parties. Specifically, also based on an opinion provided by Backer Tilly Consulaudit S.p.A., Licences amounting to EUR 172,902,000 were recorded in the Company's financial statements and Licences amounting to EUR 172,727,000 were recorded in the consolidated accounts. The difference in the two values is the result of the acquisition of two Licences from subsidiary Festa S.r.l. (eliminated from the consolidated accounts due to the fact that they were intra-group transactions). In compliance with IFRS 3, the total consideration paid for the Business Units was also increased by the incidental costs of Acquisition, including registration taxes and professional consulting. The amount also took into account the effects of discounting the delayed payment of a portion of the price, which is not subject to explicit interest.

The following table summarises the IFRS amounts of the assets and liabilities acquired and the relative financing sources, as shown in the pro-forma consolidated balance sheet at 31 December 2005. The table reflects SNAI's assumption of the Identified Liabilities as well as the SNAI Points' short-term liabilities to AAMS that were paid by SNAI in accordance with the deeds for the purchase of the Business Units. It also reflects repayment by SNAI of both the short- and long-term portions of the pre-existing consolidated debt (amounting to EUR 40,564,000), as set forth in the Loan Agreements.

Determination of the total cost of the Business Units acquired	<i>(thousands of euro)</i>
Cash on Delivery	222,811
Offset of SNAI receivables from SNAI Points	343
Fair value of the Delayed Payment	65,745
Deferred taxes calculated on the Delayed Payment	4,683
Estimate of incidental costs of Acquisition	10,863
Total cost of Business Units acquired	304,445
Allocation of the total cost of the Business Units acquired	
Fair value of the Licences	172,727
Fair value of the Identified Liabilities	(39,935)
Deferred taxes on Licences and Identified Liabilities	(33,018)
Short-term debt of SNAI Points assumed by SNAI	(8,752)
Subtotal: current value of assets and liabilities acquired	91,022
Goodwill	213,423
Total cost of Business Units acquired	304,445
Sources of financing for Cash on Delivery payment	
Senior and Junior Loans	310,000
Incidental costs of the Loan	(17,376)
Fair value of the Loan	292,624
Repayment of SNAI consolidated debt	(40,564)
Payment of incidental costs of Acquisition	(10,863)
Partial payment of short-term debt of SNAI Points assumed by SNAI	(8,752)
Formation of SOLAR S.A.	(9)
VAT credits on incidental costs of the Loan and Acquisition	(1,255)
Excess liquid assets	(8,370)
Cash on Delivery	222,811

The estimate of the incidental costs of Acquisition is approximately EUR 3.4 million higher than the estimate of such costs in the pro-forma consolidated schedules at 30 June 2005 included in the Information Document that was prepared pursuant to Articles 71 and 71-bis of the CONSOB Regulations in relation to the Acquisition of the Business Units and filed with Borsa Italiana S.p.A. on 18 April 2006. The difference is mainly due to the reclassification of approximately EUR 3.1 million from incidental costs of the Loan to incidental costs of Acquisition and to minor variations in the calculation of estimates.

The excess amount of the funding received through the Loan over the cash on delivery payment of EUR 222,811,000 (EUR 8,370,000) will be used to finance the new structure of net working capital.

General principles used

The pro-forma accounts were prepared to supply investors with information on the effects of the acquisition of the Business Units on the SNAI Group's financial statements as if the acquisition had taken place during the period to which the pro-forma information refers, according to the procedures set forth in CONSOB Recommendation no. DEM 1052803 of 5 July 2001.

Specifically, the following general principles were used in preparing the pro-forma data:

- a) with reference to the balance sheet, the pro-forma adjustments were made assuming that the Acquisition was completed on 31 December 2005;

- b) with reference to the profit and loss account, the pro-forma adjustments were made assuming that the Acquisition was completed on 1 January 2005;
- c) accordingly, in view of the different purposes of pro-forma data with respect to consolidated financial statements, and considering that the methods used for calculating the effects are different for the balance sheet and profit and loss account, the pro-forma consolidated balance sheet and profit and loss account should be read and interpreted separately without looking for accounting connections between the two documents;
- d) the pro-forma adjustments take into account and reflect all significant effects on the balance sheet items, profits and losses and cash flows directly connected to the transaction for which the pro-forma information is presented;
- e) all pro-forma adjustments are supported by objective and independently verifiable evidence;
- f) the pro-forma adjustments were determined in accordance with the measurement criteria and IFRS adopted by the European Commission;
- g) where possible, the pro-forma adjustments were determined using methods and criteria that correspond substantially with those that will be adopted in preparing the first entity-only and consolidated financial statements at 31 December 2006, which will reflect the effects of the transaction;
- h) the main pro-forma adjustments are explained in paragraph 20.2.1.3.1, below.

The pro-forma information includes adjustments to reflect retroactively the effects of the Acquisition. It follows that, notwithstanding full compliance with the general principles described above, there are certain intrinsic limitations in the nature of pro-forma information due to the fact that it is based on assumptions. Accordingly, had the Acquisition taken place by the date of the pro-forma accounts instead of on the date indicated in the Preamble, the actual information could be different than the pro-forma information. Furthermore, as regards the preparation of the pro-forma data, the acquisition of the Business Units resulted in the estimation and subsequent allocation of certain balance sheet and profit and loss account items that, due to their nature, may be subject to modifications. As a result, the final quantification of these items could result in the inclusion of costs in the entity-only and consolidated financial statements of SNAI and the SNAI Group that are not reflected in the pro-forma consolidated data presented in this Prospectus.

The pro-forma schedules include:

- a) the consolidated accounts of the SNAI Group for the year ended 31 December 2005;
- b) historical data for the Business Units acquired, as described in paragraph 20.2.1.2;
- c) pro-forma adjustments;
- d) the pro-forma consolidated accounts of the SNAI Group for the year ended 31 December 2005;

In view of the characteristics of the transaction and the uniqueness and limitations of the data relating to the Business Units acquired, we do not feel that presenting the column “Aggregate Data” containing data

pertaining to the SNAI Group and the Business Units would facilitate the understanding of the pro-forma effects of the Acquisition. This column was therefore not included in the pro-forma schedules.

The historical and pro-forma data were determined and are presented according to the IFRS adopted by the SNAI Group in preparing the consolidated financial statements at 31 December 2005, and are appropriately grouped for disclosure and summary purposes.

Specifically, the accounting standards adopted in preparing the pro-forma data were the international accounting standards. The international accounting standards include the International Financial Reporting Standards (IFRS) currently in force, as adopted by the European Commission and issued by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Committee (IFRIC) and the Standing Interpretations Committee (SIC).

The European Union approved Regulation no. 1606/2002 of 19 July 2002, which establishes the obligation of all listed companies in the European Union to prepare their consolidated financial statements in accordance with IFRS starting from the year ended 31 December 2005. The SNAI Group's consolidated financial statements at 31 December 2005 were therefore prepared in conformity with IAS/IFRS. Furthermore, with Legislative Decree no. 38 of 28 February 2005, the Italian government established that listed companies have the option to prepare their entity-only financial statements in conformity with IAS/IFRS starting in 2005 and that they are required to prepare such accounts in conformity with IAS/IFRS starting in 2006. SNAI opted to prepare its financial statements at 31 December 2005 according to Italian GAAP; therefore, the first financial statements prepared under IFRS will be those for the year ended 31 December 2006.

In adopting the international accounting standards, the SNAI Group applied the provisions of "IFRS 1 – First-time Adoption of International Financial Reporting Standards" and, in doing so, opted for the following exemptions in preparing the consolidated opening balance sheet at 1 January 2004:

- the Group did not retrospectively apply IFRS 3 to business combinations completed prior to the date of transition to IFRS;
- the Group elected to use the revalued cost of certain buildings, land, plants and machinery (according to specific Italian revaluation laws), which was calculated on a date prior to the date of transition to IFRS according to previous GAAP, as the deemed cost of such items when approximating their fair value on the date of transition to IFRS (1 January 2004);
- the Group elected to recognise all cumulative actuarial gains or losses at 1 January 2004 resulting from application of IAS 19 to Severance Pay, while subsequent actuarial gains or losses will be recognised in accordance with the "corridor approach" (additional details are provided in the paragraph on the accounting standards adopted).

These exemptions are reflected in the pro-forma data presented in this Prospectus.

As mentioned in paragraph 20.2.1.2, the aggregate profit and loss and balance sheet information for the Business Units acquired was estimated by the Company Directors using the information available to them, and the resulting figures were confirmed directly by AAMS and Società Generale d'Informatica S.p.A. (AAMS's information technology centre); the information is therefore considered final, existing, complete and accurate based on the information available to SNAI.

20.2.1.3.1 Pro-forma consolidated schedules at 31 December 2005

Pro-forma consolidated balance sheet at 31 December 2005

31 December 2005	SNAI Group	Business Units	Pro-forma Adjustments	Notes	SNAI Group Adjustments
<i>(in thousands of euro)</i>	A	B	C		D=A+B+C
Tangible fixed assets	124,358				124,358
Intangible fixed assets	14,752		386,150	1	400,902
Equity investments	2,092		9	2	2,101
Deferred tax assets	11,535				11,535
Other non-current assets	513				513
Total non-current assets	153,250		386,159		539,409
Inventories	4,739				4,739
Trade receivables	17,078		(343)	3	16,735
Other assets (financial and other)	34,618		1,255		35,873
Cash and cash equivalents	10,131		8,370	4	18,501
Total current assets	66,566		9,282		75,848
Total Assets	219,816		395,441		615,257
Share capital	28,570				28,570
Reserves	44,903				44,903
Profit for the year	10,385				10,385
Net book value of assets acquired		(41,935)	41,935		
Total Group equity	83,858	(41,935)	41,935		83,858
Minority interests in equity	1,562				1,562
Total equity	85,420	(41,935)	41,935		85,420
Severance pay	9,758				9,758
Non-current financial assets	36,059		259,760	5	295,819
Deferred taxes	19,004	2,000	35,701	6	56,705
Provisions for risks and expenses	3,651				3,651
Other non-current liabilities	57	39,935	65,745	7	105,737
Total non-current liabilities	68,529	41,935	361,206		471,670
Trade payables	15,481				15,481
Other liabilities	40,247				40,247
Current financial assets	2,439				2,439
Current portions of long-term loans	7,700		(7,700)	8	
Total current liabilities	65,867		(7,700)		58,167
Total Liabilities and Equity	219,816		395,441		615,257

Pro-forma consolidated profit and loss account for the year ended 31 December 2005

Year 2005	SNAI Group	Business Units	Pro-forma Adjustments	Notes	SNAI Group Adjustments
<i>(in thousands of euro)</i>	A	B	C		D=A + B + C
Sales and service revenues	80,229	517,734	(14,224)	9	583,739
Other revenues and income	6,168				6,168
Total value of production	86,397	517,734	(14,224)		589,907
Raw materials and consumables	(3,996)				(3,996)
Cost of services and leased assets	(38,013)	(374,936)	(80,865)	10	(493,814)
Personnel expenses	(19,745)				(19,745)
Other operating expenses	(6,429)		(3,825)	11	(10,254)
Gross operating margin (EBITDA)	18,214	142,798	(98,914)		62,098
Depreciation and amortisation	(8,815)		(28,788)	12	(37,603)
Reversals of impairment (impairment) and capital gains (losses)	(84)				(84)
Operating result (EBIT)	9,315	142,798	(127,702)		24,411
Financial income (expense)	(2,191)		(33,993)	13	(36,184)
Pretax result	7,124	142,798	(161,695)		(11,773)
Income taxes	3,227	(53,192)	58,787	14	8,822
Profit (loss) for 2005 (including minority interests)	10,351	89,606	(102,908)		(2,951)
Average number of shares	54,943,180				54,943,180
Basic earnings per share (euro)	0.19				(0.05)
Diluted earnings per share (euro)	0.19				(0.05)

20.2.1.3.2 Notes to the adjustments made for the Business Units acquired and to the pro-forma adjustments to the consolidated balance sheet and consolidated profit and loss account

To facilitate the reading and comprehension of the adjustments relating to the Business Units acquired and the pro-forma adjustments, a number was assigned to certain adjustments in the pro-forma consolidated schedules that corresponds to a specific note explaining the operations carried out. The notes are included below:

1. The pro-forma adjustment reflects the allocation of the current value of the Licences (EUR 172,727,000) and goodwill (EUR 213,423,000). The value identified for the Licences at the time of allocation of the price paid was EUR 172,902,000, which is EUR 175,000 less than the current value allocated to the Licences. This is due to the fact that two of the 450 Licences acquired by SNAI S.p.A. were owned by the subsidiary Festa S.r.l., and were therefore eliminated from the consolidated accounts as they were intra-group transactions. The amount allocated to goodwill is approximately EUR 1.7 million higher than the amount allocated to that item in the pro-forma consolidated information as at 30 June 2005 included in the Information Document that was prepared pursuant to Articles 71 and 71-bis of the CONSOB Regulations in relation to the Acquisition of the Business Units and filed with Borsa Italiana S.p.A. on 18 April 2006. The difference is due to the reclassifications and variations in estimates explained in paragraph 20.2.1.3.
2. The pro-forma adjustment relates to SNAI's investment in the newly formed company SOLAR S.A. following the Acquisition of the Business Units (30% of the share capital).
3. The pro-forma adjustment reflects the offsetting of SNAI's receivables from the SNAI Points when the Cash on Delivery price was paid.

4. The pro-forma adjustment, amounting to EUR 8,370,000, reflects the increase in liquid assets corresponding to the portion of the Loan that was not used to meet the obligations assumed in connection with the acquisition of the Business Units. Approval was obtained from the lending institution to use the unused portion to finance an increase in working capital.
5. The pro-forma adjustment represents the increase in financial debt, as a result of the following:
 - a. loan recorded at amortised cost with an initial balance of EUR 310 million, net of direct incidental costs amounting to EUR 17,376,000. Incidental costs include an estimate of the professional fees relating to the Loan and an estimate of the registration taxes associated with raising the Loan; the estimate is approximately EUR 1.4 million lower than the estimate of such costs stated in the pro-forma consolidated information as at 30 June 2005 included in the Information Document that was prepared pursuant to Articles 71 and 71bis of the CONSOB Regulations in relation to the Acquisition of the Business Units and filed with Borsa Italiana S.p.A. on 18 April 2006. The difference mainly refers to the reclassification of approximately EUR 3.1 million from incidental costs of the Loan to incidental costs of Acquisition, and was partially offset by the increase in the estimate of incidental costs for approximately EUR 1.7 million. Such estimate could differ from the final quantification of the costs.
 - b. repayment of the long-term portion of SNAI's pre-existing consolidated debt, amounting to EUR 32,864,000.
6. The pro-forma adjustment reflects the deferred tax expense associated with discounting the Delayed Payment to present value, as described below, and the deferred tax calculated on the difference between the carrying amount of the Licences and their tax basis stated in the acquisition agreements, amounting to EUR 89,633,000.
7. The current value of the Delayed Payment for the Business Units; the book value of the amount due, which is EUR 79,938,000, must be repaid by 30 May 2011 and is not subject to interest.
8. Repayment of the short-term portion of SNAI's pre-existing consolidated debt.
9. The pro-forma adjustment of sales and service revenues relates entirely to the write-off of 1.2% of revenues from telecommunications service charges that were billed during 2005 by SNAI to the owners of the Licences of the Business Units acquired.
10. The pro-forma adjustment relating to costs for services and leased assets reflects the consideration, commensurate to the overall volume of the bets, that SNAI, based on a specific Management Contract, agreed to pay the SNAI Points that sold their licences for the use of the services associated with the collection of bets according to the methods described in Chapter 22. Such adjustment is stated net of the elimination of the costs of the telecommunications services referred to in point 9.

11. The pro-forma adjustments reflect:
- a. costs amounting to EUR 1,900,000 relating to non-deductible VAT that is estimated to have been generated if the Acquisition had been completed by 1 January 2005. Specifically, SNAI carries out two distinct types of activities:
 - i. telecommunications services and other activities that generate transactions subject to VAT;
 - ii. lottery, gaming and betting activities that generate VAT-exempt transactions.

SNAI has elected for the separate application of VAT for the two activities. Accordingly, VAT on purchases relating to activities that generate taxable transactions is fully deductible, while VAT on purchases relating to activities that generate non-taxable transactions is non-deductible.

As regards taxes on goods and services used by both activities, in preparing the pro-forma data and in view of the unitary approach to determining the pro-forma tax effects, such taxes are deducted to the extent of the portion attributable to the exercise of the activities to which they refer. Accordingly, the non-deductible VAT on the common costs of the aforementioned activities was estimated using the allocation criteria deemed appropriate in light of the type of cost incurred.

- b. the estimate of the costs associated with obtaining the guarantees necessary for acquiring and maintaining ownership of the License (EUR 1,925,000). Without having access to the actual figures regarding the Betting Points, such costs were estimated at 2% of the amount of the guarantee obtained for each Betting Point. The estimate may differ from the cost that SNAI will incur in the future for obtaining such guarantees, also considering the possible impacts of grouping the various Licences under a single owner.
12. The estimated value of the Licences, amounting to EUR 172,727,000, is amortised on a straight-line basis until the expiration of such Licences in 2011;
13. This adjustment includes:
- a. The interest accrued on the Loan in 2005, amounting to EUR 29,544,000, calculated using the effective interest method based on the contractual rate, which is equal to the 3-month EURIBOR plus an average spread of approximately 5.7% a year, and the interest associated with discounting the Delayed Payment of the Business Units and the Identified Liabilities, for a total of EUR 6,094,000. This interest was calculated based on the amortised cost approach set forth in IAS 39;
 - b. The cancellation of the interest on SNAI's consolidated debt for 2005, for EUR 1,645,000. As previously mentioned, the new loan was secured in part to repay the pre-existing consolidated debt. Accordingly, the annual interest on the pre-existing consolidated debt was eliminated from the pro-forma consolidated data.

14. The principles adopted in preparing the pro-forma data require the calculation of tax effects for all adjustments, where applicable. Such standards do not provide specific guidelines regarding the treatment of current taxes in relation to acquisitions of Business Units, except for specifying the tax rate to apply and explicitly disallowing the consideration of anticipated tax benefits that could be generated by a tax plan established subsequent to the acquisition. The tax effects on the Business Units acquired and on the pro-forma adjustments were calculated based on the theoretical tax rates, i.e., 33% for IRES (Italian corporate income tax) and 4.25% for IRAP (Italian regional tax on production activities). Accordingly, in compliance with the guidelines set forth by CONSOB for preparing pro-forma data, in determining taxes for the year, the deferred tax assets of the SNAI Group companies attributable to prior years and not recorded in the SNAI Group's consolidated financial statements at 31 December 2005 were not recognised, as, at that date, their future recoverability could not be determined with certainty.

The following is the pro-forma consolidated cash flow statement of the SNAI Group for the year ended 31 December 2005:

Year 2005	SNAI Group	Adjustments (Business Units acquired and Pro- forma)	Notes	SNAI Group
<i>(in thousands of euro)</i>				
A. Cash Flow – Operating Activities				
Group profit (loss) for the year (including minority interests)	10,351	(13,302)	A	(2,951)
Depreciation and amortisation	8,815	28,788	B	37,603
Effect of discounting identified liabilities and liabilities relating to the delayed payment	—	6,094	C	6,094
Impairment/reversal of impairment of non-current assets (including equity investments)	—			—
Net change in deferred tax assets/liabilities	(5,704)	(6,164)	D	(11,868)
Change in provisions for risks	(526)			(526)
Capital gains (losses) realised on non-current assets (including equity investments)	84			84
Portion of profit (loss) of equity investments accounted for using the equity method (-)	(36)			(36)
Net changes in non-current commercial and miscellaneous assets and liabilities and other changes	1,391			1,391
Net changes in current commercial and miscellaneous assets and liabilities and other changes	(7,403)	(11,725)	E	(19,128)
Net change in severance pay	1,796			1,796
Cash Flow Generated (Used) by Operating Activities (A)	8,768	3,691		12,459
B. Cash Flow – Investment Activities				
Investments in tangible assets (-)	(4,224)			(4,224)
Investment in intangible assets (-)	(2,182)			(2,182)
Investments in other non-current assets (-)	(908)			(908)
Identified liabilities to AAMS	—			—
Acquisition of subsidiaries, net of cash acquired	—			—
Changes in financial receivables and other financial assets	(79)			(79)
Consideration received for the sale of subsidiaries, net of cash disposed of	—			—
Consideration received for the sale of tangible, intangible and other non-current assets	295			295
Cash Flow Generated (Used) by Investment Activities (B)	(7,098)	—		(7,098)
C. CASH FLOW – FINANCIAL ACTIVITIES				
Net change in financial liabilities	(5,450)	4,923	F	(527)
Consideration received for equity instruments	—			—
Effetto della	—			—
Principal increases/repayments net of start-up and expansion costs	—			—
Dividends paid to minority shareholders (including distribution of reserves)	—			—
Cash Flow Generated (Used) by Financial Activities (C)	(5,450)	4,923		(527)
D. Cash Flow – Discontinued or Held-for-Sale Operations				
E. Total Cash Flow (A+B+C+D)	(3,780)	8,614		4,834
F. Net Initial Financial Resources (Indebtedness)	12,863	(244)	G	12,619
G. Net Effect of Foreign Currency Translation on Liquidity	—	—		—
H. Net Final Financial Resources (Indebtedness) (E+F+G)	9,083	8,370	H	17,453

The notes to the adjustments relating to the Business Units acquired and pro-forma adjustments to the SNAI Group's cash flow statement for the year ended 31 December 2005 are provided below:

- A The adjustment reflects the effect on the SNAI Group's result for 2005 as a result of the impact of the Business Units acquired on profits and losses and the pro-forma adjustments to the profit and loss account.
- B The adjustment reflects the amortisation of the estimated value of the Licences recorded in the pro-forma consolidated profit and loss account for 2005.
- C The adjustment includes the interest expense associated with discounting the payable relating to the delayed payment for the Business Units and discounting the identified liabilities recorded in the pro-forma consolidated profit and loss account for the year ended 31 December 2005 according to the amortised cost method.
- D The adjustment relating to the net difference in deferred tax assets (liabilities) reflects the theoretical tax liability recorded in the pro-forma consolidated profit and loss account for 2005.
- E The adjustment refers to the payments made on the identified liabilities to the Former Licence-Holders during 2005.
- F The adjustment relates to the two payments made by SNAI S.p.A. on the consolidated debt during 2005.
- G An imbalance resulted from the fact that the balance sheet effects of the acquisition of the 450 Business Units were determined at the date the acquisition was completed (16 March 2006) and, for the purpose of preparing the pro-forma consolidated cash flow statement for 2005, were reflected in a past pro-forma balance sheet (at 1 January 2005) based on historical data. This imbalance, which was mainly attributable to the pro-forma adjustments to the SNAI Group's consolidated profit and loss account for 2005 and the variations in debt, was allocated (along with the excess funds specified in note H, below) to net liquid assets at 1 January 2005.
- H The pro-forma adjustment, amounting to EUR 8,370,000, reflects the amount by which the funds obtained through the loan exceeded the cash on delivery payments.

20.2.1.3.3 Independent auditor's report on the pro-forma profit and loss and balance sheet data

The independent auditor's report prepared by KPMG S.p.A. in relation to the review of the SNAI Group's pro-forma consolidated balance sheet and profit and loss account at 31 December 2005, which was drafted according to the criteria set forth by CONSOB in Recommendation no. DEM/1061609 of 9 August 2001 on evaluating pro-forma data, is attached to this Prospectus (see Annex 1 to this Prospectus).

The above report concludes as follows: "Nothing has emerged from our work that might lead us to believe that the basic assumptions used by the directors of SNAI S.p.A. to draw up the statements relating to the consolidated asset and liability statement and pro-forma profit and loss account for the financial year ended 31 December 2005, accompanied by explanatory notes, for the purpose of reflecting the effects of the acquisition described above (i.e., the Acquisition), are unreasonable, that the method used to draw up the aforesaid statements has not been applied correctly for the information purposes described above and finally

that incorrect valuation criteria and accounting principles have been used in drawing up these same statements.

20.2.2 Pro-forma financial information at 30 June 2006

20.2.2.1 Preamble

This chapter includes schedules containing the SNAI Group's pro-forma consolidated data for the period ended 30 June 2006. In the schedules, the procedures explained in the following paragraphs ("General Principles Used") were used to give retroactive effect to the Acquisition of the Business Units and the Loan obtained to allow the acquisition to be completed.

The pro-forma consolidated information as at 30 June 2006 were prepared based on the SNAI Group's consolidated half-year report at 30 June 2006 and the historical aggregate profit and loss data of the Business Units acquired, and by applying the pro-forma adjustments to give effect to the acquisition of the Business Units, as described below.

The Acquisition of the Business Units was completed on 3 April 2006; as such, the effects are recognised starting on 16 March 2006. The pro-forma data was prepared with reference to the period ended 30 June 2006. In accordance with the principles applied in preparing the pro-forma data, a pro-forma consolidated balance sheet was not drawn up, as the consolidated balance sheet at 30 June 2006 already incorporates the effects of the acquisition of the Business Units. The half-year report at 30 June 2006 of SNAI and the SNAI Group were subjected to a limited audit pursuant to CONSOB Resolution 10867 of 31 July 1997 by the independent audit firm. The audit firm issued its report on 26 October 2006.

Pro-forma adjustments must be supported by objective and independently verifiable evidence. Accordingly, SNAI's Capital Increase was not considered in drafting the pro-forma consolidated accounts, as, at the date of preparation, it was deemed that these requirements could not be met, in part due to the lack of an underwriting syndicate.

20.2.2.2 Profit and loss data for the Business Units acquired

As better explained in Chapter V, Paragraph 5.1.5 a) "The Acquisition", prior to the Acquisition, the Business Units were an integral part of the companies of the Former Licence-Holders; as such, historical accounting data pertaining to the Business Units was included in the financial statements of those companies. Such financial statements have not been audited. The Company does not have the financial statements of all of these companies, nor has it obtained from the Former Licence-Holders information on the economic and financial situation of the individual Business Units sold. As such, the ability to provide an accurate view of the aggregate profit and loss data of the Business Units acquired is subject to limitations. Bearing in mind these limitations, the directors of SNAI S.p.A. estimated the aggregate profit and loss data for the Business Units acquired using the information available to them and obtained confirmation of the resulting figures directly from AAMS and Società Generale d'Informatica S.p.A.; the figures are therefore considered to be definite, existing, complete and accurate based on the information available to SNAI S.p.A., which is detailed in the following notes. The figures are expressed in thousands of euro and in conformity with the IFRS issued by the IASB and adopted by the European Commission.

Profit and loss	01.01.06 – 15.03.06	Notes
Revenues	136,514	1
Costs for prizes and applicable taxes	(97,231)	1
Costs for telecommunications services	(3,316)	2
Current and deferred taxes	(13,398)	3

1. As regards fixed-rate betting, i.e., bets for which the owner of the license assumes the entrepreneurial risk, revenues from the collection of bets reflect the volumes of the bets. As for totaliser bets, revenues from sales are calculated as a percentage of the volume of bets collected. Revenues from sales and costs for prizes and applicable taxes were determined based on information gathered from SNAI's computer systems, which provide real-time links between the SNAI Points and SNAI and Società Generale d'Informatica S.p.A. (AAMSs information technologycentre). These figures were confirmed directly by AAMS.
2. The costs for telecommunications services reflect the invoices issued by SNAI (as Service Provider) to the SNAI Points for their connections to the telecommunications network; the services were billed based on 1.2% of the volumes of both fixed-rate and totaliser bets. Such amount was determined by applying a premium of 1.2% to the volumes of both fixed-rate and totaliser bets obtained as described in point 1, above.
3. Although such Business Units were not subject to tax, the theoretical tax liability was calculated at 33% for IRES (Italian corporate income tax) and 4.25% for IRAP (Italian regional tax on production activities).

The profit and loss information specified above should not be considered to reflect the profitability of the individual Business Units, as additional costs associated with managing the bets that cannot be quantified by SNAI were not included; such costs include personnel expenses, general and administrative costs of the SNAI Points and other indirect costs. Such costs were reflected in the pro-forma adjustments specified in the next chapter, as they are covered by specific contractual provisions between SNAI and the Former Licence-Holders.

Moreover, the directors feel that the completion of the transaction could produce synergistic effects that could significantly improve the profitability of the Business Units acquired compared to the pas.

20.2.2.3 SNAI Group pro-forma profit and loss and cash flow data and related explanatory notes

Accounting information on the structure of the transaction

As better described in Chapter V, Paragraph 5.1.5 a) "The Acquisition", the transaction involved the acquisition of 450 Business Units relating to Licences and the subsequent use by the Company of the know-how, professionalism and corporate organisation of the Former Licence-Holders, as set forth in the Management Contracts drawn up with the Former Licence-Holders. As set forth in the contracts, a portion of the gross consideration paid for the Business Units, which amounted to EUR 358.5 million, was allocated to Licences (25%, or EUR 89.6 million) and the rest was allocated to goodwill (75%, or EUR 268.9 million). The division between goodwill and Licences also reflects the tax basis of the intangible assets acquired, as opposed to the book basis, as explained below. The net consideration, on the other hand, is equal to the gross consideration less the liabilities of the Business Units assumed by the Company. Specifically, the acquisition agreements pertaining to the Business Units require that SNAI assume both the so-called "identified"

liabilities as well as the “identifiable” liabilities. Identified liabilities include the amounts due for the deferred consolidated on sports bets collected and accepted as well as the so-called “mandatory payment” due to the Italian National Olympic Committee (CONI) at the effective date the transfer of the Business Units. Identifiable liabilities are liabilities whose nature prevents their amount from being determined at the effective date of the transaction and, as such, were not included in the SNAI Group’s pro-forma financial statements. Such liabilities mainly include amounts due for the consolidated levied on players for bets (both totaliser and fixed-rate) that have been placed and accepted relating to events that had not yet taken place at the time of the transfer of the Business Units. Such amounts will reduce the final consideration and will be withheld from the Delayed Payment.

Furthermore, due to the accounting treatment of the transaction under IFRS in the SNAI Group’s pro-forma profit and loss account and cash flow statement, when the identifiable liabilities become identified liabilities and are therefore recognised in SNAI’s accounts, the cost reduced by the liabilities acquired could change, with consequences on deferred taxes and the final calculation of goodwill.

The Loan Agreements place a number of responsibilities on SNAI. Furthermore, without prejudice to the foregoing, such agreements also specify that the occurrence of certain events may result in the exercise of an acceleration clause by lending institutions whereby all outstanding balances could become immediately due.

For additional information on the Loan Agreements, see Section One of Chapter XXII “Loan Agreements and related Guarantees”.

The directors of SNAI feel that the Company, its parent company, SNAI Servizi S.r.l., and its subsidiaries will be able to meet all commitments, obligations and corporate transactions set forth in the Loan Agreements and that SNAI will be able to repay the amount financed through the Loan Agreements using the cash flows anticipated from the Company’s operations following the Acquisition and, if necessary, through a future Capital Increase, as mentioned in previous paragraphs. In this context, it should be noted that the merger deed with subsidiary Ippodromi San Siro S.p.A. (formerly Società Trenno S.p.A.), which was one of the obligations included in the Loan Agreements, was drawn up on 29 September 2006, and thus met the time limit of 30 September 2006 specified in the agreements. The SNAI Group’s pro-forma consolidated information as at 31 December 2005 was prepared based on these assumptions.

Based on IFRS 3 (“Business Combinations”), the fair value of the Licences was recorded under the pro-forma consolidated assets; this amount differs from the amount agreed on by the parties. Specifically, also based on an opinion provided by Backer Tilly Consulaudit S.p.A., Licences amounting to EUR 172,902,000 were recorded in the Company’s financial statements, and Licences amounting to EUR 172,727,000 were recorded in the consolidated accounts. The difference in the two values is the result of the acquisition of two Licences from the subsidiary Festa S.r.l. (eliminated from the consolidated accounts due to the fact that they were intra-group transactions). In compliance with IFRS 3, the total consideration paid for the Business Units was also increased by the incidental costs of Acquisition, including registration taxes and professional consulting. The amount also took into account the effects of discounting the delayed payment of a portion of the price, which is not subject to explicit interest.

The following table summarises the IFRS amounts of the assets and liabilities acquired and the relative financing sources, as shown in the consolidated balance sheet at 30 June 2006. The table reflects SNAI’s assumption of the Identified Liabilities as well as the SNAI Points’ short-term liabilities to AAMS that were paid by SNAI in accordance with the Restitution Deeds. It also reflects the repayment by SNAI of both the

short- and long-term portions of the pre-existing consolidated debt (amounting to EUR 40,564,000), as set forth in the Loan Agreement.

Determination of the total cost of the Business Units acquired	<i>thousands of euro</i>
Cash on Delivery	222,811
Offset of SNAI receivables from SNAI Points	343
Fair value of the Delayed Payment	65,745
Deferred taxes calculated on the Delayed Payment	4,683
Estimate of incidental costs of Acquisition	10,863
Total cost of Business Units acquired	304,445
Allocation of the total cost of the Business Units acquired	
Fair value of the Licences	172,727
Fair value of the Identified Liabilities	(39,935)
Deferred taxes on Licences and Identified Liabilities	(33,018)
Short-term debt of SNAI Points assumed by SNAI	(8,752)
Subtotal: current value of assets and liabilities acquired	91,022
Goodwill	213,423
Total cost of Business Units acquired	304,445
Sources of financing for Cash on Delivery payment	
Senior and Junior Loans	310,000
Incidental costs of the Loan	(17,376)
Fair value of the Loan	292,624
Repayment of SNAI consolidated debt	(40,564)
Payment of incidental costs of Acquisition	(10,863)
Partial payment of short-term debt of SNAI Points assumed by SNAI	(8,752)
Formation of SOLAR S.A.	(9)
VAT credits on incidental costs of the Loan and Acquisition	(1,255)
Excess liquid assets	(8,370)
Cash on Delivery	222,811

The estimate of the incidental costs of Acquisition is approximately EUR 3.4 million higher than the estimate of such costs in the pro-forma consolidated schedules at 30 June 2005 included in the Information Document that was prepared pursuant to Articles 71 and 71bis of the CONSOB Regulations in relation to the Acquisition of the Business Units and filed with Borsa Italiana S.p.A. on 18 April 2006. The difference is mainly due to the reclassification of approximately EUR 3.1 million from incidental costs of the Loan to incidental costs of Acquisition and to minor variations in the calculation of estimates.

The excess amount of the funding received through the Loan over the Cash on Delivery payment of EUR 222,811,000 (EUR 8,370,000) will be used to finance the new structure of net working capital.

General principles used

The pro-forma accounts were prepared to supply investors with information on the effects of the acquisition of the Business Units on the SNAI Group's profit and loss information as if the acquisition had occurred on 1 January of the period to which the pro-forma information refers. In accordance with the principles applied in preparing the pro-forma data, a pro-forma consolidated balance sheet was not drawn up, as the consolidated balance sheet as at 30 June 2006 already incorporates the effects of the acquisition of the Business Units. The pro-forma information is presented in accordance with the procedures set forth in CONSOB Recommendation no. DEM 1052803 of 5 July 2001.

Specifically, the following general principles were used in preparing the pro-forma data at 30 June 2006:

- a) the pro-forma adjustments were made assuming that the Acquisition was completed on 1 January 2006;
- b) the pro-forma adjustments take into account and reflect all significant effects on profits and losses directly connected to the transaction for which the pro-forma information are presented;
- c) all pro-forma adjustments are supported by objective and independently verifiable evidence;
- d) the pro-forma adjustments were determined in accordance with the measurement criteria and IFRS adopted by the European Commission;
- e) the pro-forma adjustments were determined using methods and criteria that correspond substantially with those that will be adopted in preparing the first entity-only and consolidated financial statements at 31 December 2006, which will reflect the effects of the transaction;
- f) the main pro-forma adjustments are explained in paragraph 20.2.2.3.1, below.

The pro-forma information include adjustments to reflect retroactively the effects of the Acquisition. It follows that, notwithstanding full compliance with the general principles described above, there are certain intrinsic limitations in the nature of pro-forma information due to the fact that it is based on assumptions. Accordingly, had the Acquisition taken place on the date of the pro-forma data instead of on 16 March 2006, the actual information could be different than the pro-forma information. Furthermore, as regards the preparation of the pro-forma information, the acquisition of the Business Units resulted in the estimation and consequent allocation of certain profit and loss account items that, due to their nature, may be subject to modifications. Consequently, the final quantification of these items could result in the inclusion of costs in the entity-only and consolidated financial statements of SNAI S.p.A. and the SNAI Group that are not reflected in the pro-forma consolidated data presented in this Prospectus.

The pro-forma schedules include:

- a) the consolidated profit and loss account of the SNAI Group for the six-month period ended 30 June 2006;
- b) historical data for the Business Units acquired, as described in paragraph 20.2.2.2;
- c) pro-forma adjustments;
- d) the pro-forma consolidated profit and loss account of the SNAI Group for the six-month period ended 30 June 2006;

In view of the characteristics of the transaction involving the acquisition of the Business Units and the uniqueness and limitations of the data relating to the Business Units acquired, we do not feel that presenting the column “Aggregate Data” containing the SNAI Group’s and Business Units’ data would provide a better understanding of the pro-forma effects of the Acquisition. This column was therefore not included in the pro-forma schedules.

The historical and pro-forma data were determined and are presented according to the IAS/IFRS used by the SNAI Group in preparing its half-year report at 30 June 2006.

Specifically, the accounting standards adopted in preparing the pro-forma data were the international accounting standards. The international accounting standards include the International Financial Reporting Standards (IFRS) currently in force, as adopted by the European Commission and issued by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Committee (IFRIC) and the Standing Interpretations Committee (SIC).

The European Union approved Regulation no. 1606/2002 of 19 July 2002, which establishes the obligation of all listed companies in the European Union to prepare their consolidated financial statements in accordance with IAS/IFRS starting from the year ended 31 December 2005. The SNAI Group's consolidated financial statements at 31 December 2005 were therefore prepared in conformity with IAS/IFRS. Furthermore, with Legislative Decree no. 38 of 28 February 2005, the Italian government established that listed companies have the option to prepare their entity-only financial statements in conformity with IAS/IFRS starting in 2005 and that they are required to prepare such accounts in conformity with IAS/IFRS starting in 2006. SNAI opted to prepare its financial statements at 31 December 2005 according to Italian GAAP.

In adopting the international accounting standards, the SNAI Group applied the provisions of "IFRS 1 – First-time Adoption of International Financial Reporting Standards" and, in doing so, opted for the following exemptions in preparing the consolidated opening balance sheet at 1 January 2004:

- the Group did not retrospectively apply IFRS 3 to business combinations completed prior to the date of transition to IFRS;
- the Group adopted as the deemed cost of certain buildings, land, plants and machinery the revalued cost of such items (according to specific Italian revaluation laws), which was calculated on a date prior to the date of transition to IFRS according to previous GAAP, when approximated to their fair value on the date of transition to IFRS (1 January 2004);
- the Group elected to recognise all cumulative actuarial gains or losses at 1 January 2004 resulting from application of IAS 19 to Severance Pay, while subsequent actuarial gains or losses will be recognised in accordance with the "corridor approach" (additional details are provided in the paragraph on the accounting standards adopted).

These exemptions are reflected in the pro-forma data presented in this Prospectus.

20.2.2.3.1 Pro-forma consolidated profit and loss account for the six-month period ended 30 June 2006

H1 2006	SNAI Group	Business Units	Pro-forma adjustments	Notes	SNAI Group Pro-forma
<i>(in thousands of euro)</i>	A	B	C		D=A + B + C
Sales and service revenues	236,382	136,514	(3,316)	1	369,580
Other revenues and income	1,605				1,605
Total value of production	237,987	136,514	(3,316)		371,185
Raw materials and consumables	(1,654)				(1,654)
Cost of services and leased assets	(199,527)	(100,547)	(18,637)	2	(318,711)
Personnel expenses	(9,563)				(9,563)
Other operating expenses	(5,063)		(146)	3	(5,209)
Gross operating margin (EBITDA)	22,180	35,967	(22,099)		36,048
Depreciation and amortisation	(12,626)		(5,836)	4	(18,462)
Reversals of impairment (impairment) and capital gains (losses)	7				7
Operating result (EBIT)	9,561	35,967	(27,935)		17,593
Financial income (expense)	(9,637)		(7,707)	5	(17,344)
Pretax result	(76)	35,967	(35,642)		249
Income taxes	(1,952)	(13,398)	12,949	6	(2,401)
Profit (loss) for 2005 (including minority interests)	(2,028)	22,569	(22,693)		(2,152)
Average number of shares (euro)	54,943,180				54,943,180
Basic earnings per share (euro)	(0.04)				(0.04)
Diluted earnings per share (euro)	(0.04)				(0.04)

20.2.2.3.2 Notes to the adjustments made for the Business Units acquired and to the pro-forma adjustments to the consolidated profit and loss account at 30 June 2006

To facilitate the reading and comprehension of the adjustments relating to the Business Units acquired and the pro-forma adjustments, a letter was assigned to certain adjustments in the pro-forma consolidated profit and loss account at 30 June 2006 that corresponds to a specific note explaining the operations carried out. The notes are included below:

1. The pro-forma adjustment of sales and service revenues relates entirely to the write-off of 1.2% of revenues from telecommunications service charges that were billed during the period from 1 January 2006 to 15 March 2006 by SNAI to the owners of the Licences of the Business Units acquired.
2. The pro-forma adjustment relating to costs for services and leased assets reflects the consideration, commensurate to the overall volume of the bets, that SNAI, based on a specific Management Contract, agreed to pay the SNAI Points that sold their licences for the use of the services associated with the collection of bets according to the methods described in Chapter 22. Such adjustment is stated net of the elimination of the costs of the telecommunications services referred to in point 1.
3. The pro-forma adjustment of EUR 146,000 reflects the costs relating to the non-deductible VAT that is estimated to have been generated for the period from 1 January 2006 to 15 March 2006 had the Acquisition been completed by 1 January 2006. Specifically, SNAI carries out two distinct types of activities:
 - i. telecommunications services and other activities that generate transactions subject to VAT;

- ii. lottery, gaming and betting activities that generate VAT-exempt transactions.

SNAI has elected for the separate application of VAT for the two activities. Accordingly, VAT on purchases relating to activities that generate taxable transactions is fully deductible, while VAT on purchases relating to activities that generate non-taxable transactions is non-deductible.

As regards taxes on goods and services used by both activities, in preparing the pro-forma data and in view of the unitary approach to determining the pro-forma tax effects, such taxes are deducted to the extent of the portion attributable to the exercise of the activities to which they refer. Accordingly, the non-deductible VAT on the common costs of the aforementioned activities was estimated using the allocation criteria deemed appropriate in light of the type of cost incurred.

4. The estimated value of the Licences, which is EUR 172,727,000, is amortised on a straight-line basis until the expiration of such Licences in 2011
5. This adjustment includes:
 - a. The interest accrued on the Loan from 1 January 2006 to 15 March 2006, amounting to EUR 6,657,000, which was calculated using the effective interest method based on the contractual rate, equal to the 3-month EURIBOR plus an average spread of approximately 5.7% a year, and the interest associated with discounting the debt relating to the extension of the price of the Business Units and the identified liabilities, for a total of EUR 1,470,000. This interest was calculated based on the amortised cost approach set forth in IAS 39 for the period from 1 January 2006 to 15 March 2006.
 - b. The cancellation of the interest on SNAI's consolidated debt, amounting to EUR 420,000. As previously mentioned, the new loan was secured in part to repay the pre-existing consolidated debt. Accordingly, the annual interest on the pre-existing consolidated debt was eliminated from the pro-forma consolidated data.
6. The principles adopted in preparing the pro-forma data require the calculation of tax effects for all adjustments, where applicable. Such standards do not provide specific guidelines regarding the treatment of current taxes in relation to acquisitions of Business Units, except for specifying the tax rate to apply and explicitly disallowing the consideration of anticipated tax benefits that could be generated by a tax plan established subsequent to the acquisition. The tax effects on the Business Units acquired and on the pro-forma adjustments were calculated based on the theoretical tax rates, i.e., 33% for IRES (Italian corporate income tax) and 4.25% for IRAP (Italian regional tax on production activities). Accordingly, in compliance with the guidelines set forth by CONSOB for preparing pro-forma data, in determining taxes for the year, the deferred tax assets of the SNAI Group companies attributable to prior periods and not recorded in the half-year report at 30 June 2006 were not recognised, as, at that date, their future recoverability could not be determined with certainty.

The Proforma Consolidated Balance Sheet at 30 June 2006 has not been prepared since, at that date, the so-called "Historic" Consolidated Balance Sheet already incorporates the effects of the Acquisition.

The following is the pro-forma consolidated cash flow statement of the SNAI Group for the six-month period ended 30 June 2006:

H1 2006	SNAI Group	Adjustments (Business Units acquired and Pro-forma)	Notes	SNAI Group Pro- forma
<i>(amounts in thousands of euro)</i>				
A. CASH FLOW – OPERATING ACTIVITIES				
Group profit (loss) for the period (including minority interests)	(2,028)	(124)	A	(2,152)
Depreciation and amortisation	12,626	5,836	B	18,462
Effect of discounting identified liabilities and liabilities relating to the delayed payment	—	1,470	C	1,470
Impairment/reversal of impairment of non-current assets (including equity investments)	—			—
Net change in deferred tax assets/liabilities	1,033	449	D	1,482
Change in provisions for risks	(19)			(19)
Capital gains (losses) realised on non-current assets (including equity investments)	(7)			(7)
Portion of profit (loss) of equity investments accounted for using the equity method (-)	(147)			(147)
Net changes in non-current commercial and miscellaneous assets and liabilities and other changes	(1,494)			(1,494)
Net changes in current commercial and miscellaneous assets and liabilities and other changes	(3,134)	912	E	(2,222)
Net change in severance pay	—			—
CASH FLOW GENERATED (USED) BY OPERATING ACTIVITIES (A)	6,830	8,543		15,373
B. CASH FLOW – INVESTMENT ACTIVITIES				
Investments in tangible assets (-)	(1,192)			(1,192)
Investments for acquisition of Business Units (-)	—			—
Goodwill ^(*)	(213,423)	213,423	E	—
Licences	(172,727)	172,727	E	—
identified liabilities to AAMS	34,415	(39,935)	E	(5,520)
deferred taxes on acquisition of Business Units	37,701	(37,701)	E	—
Other investments in intangible assets (-) ^(*)	(158)			(158)
Investments in other non-current assets (-)	(9)	9	E	—
Acquisition of subsidiaries, net of cash acquired	—			—
Changes in financial receivables and other financial assets	(469)			(469)
Consideration received for the sale of subsidiaries, net of cash disposed of	—			—
Consideration received for the sale of tangible, intangible and other non-current assets	14			14
CASH FLOW GENERATED (USED) BY INVESTMENT ACTIVITIES (B)	(315,848)	308,523		(7,325)
C. CASH FLOW – FINANCIAL ACTIVITIES				
Net change in other financial liabilities	3,669			3,669
Loan for acquisition of Business Unit “Licences”	293,502	(292,624)	E	878
Delayed payment to SNAI Points for acquisition of Business Unit “Licences”	66,729	(65,745)	E	984
Settlement of consolidated bank debt	(40,564)	40,564	E	—
Consideration received for equity instruments	—			—
Principal increases/repayments net of start-up and expansion costs	—			—
Dividends paid to minority shareholders (including distribution of reserves)	—			—
Cash Flow Generated (Used) by Financial Activities (C)	323,336	(317,805)		5,531
D. Cash Flow – Discontinued or Held-for-Sale Operations				
E. Total Cash Flow (A+B+C+D)	14,318	(739)		13,579
F. Net Initial Financial Resources (Indebtedness)	9,083	739	F	9,822
G. Net Effect of Foreign Currency Translation on Liquidity	—			—
H. Net Final Financial Resources (Indebtedness) (E+F+G)	23,401	—		23,401

Note (*): This item includes a reclassification of EUR 223,000.

The notes to the adjustments relating to the Business Units acquired and pro-forma adjustments to the SNAI Group's cash flow statement for the six-month period ended 30 June 2006 are included below:

- A The adjustment reflects the effect on the SNAI Group's result for the first half of 2006 as a result of the impact of the Business Units acquired on profits and losses and the pro-forma adjustments to the profit and loss account for the period from 1 January 2006 to the date the Acquisition was completed.
- B The adjustment reflects the amortisation of the estimated value of the Licences recorded in the pro-forma consolidated profit and loss account for the six-month period ended 30 June 2006, for the period from 1 January 2006 to the date the Acquisition was completed.
- C The adjustment includes the interest expense associated with discounting the payable relating to the delayed payment for the Business Units and discounting the identified liabilities recorded in the pro-forma consolidated profit and loss account for the six-month period ended 30 June 2006 according to the amortised cost method, for the period from 1 January 2006 to the date the Acquisition was completed.
- D The adjustment relating to the net difference in deferred tax assets (liabilities) reflects the theoretical tax liability recorded in the pro-forma consolidated profit and loss account for the six-month period ended 30 June 2006, for the period from 1 January 2006 to the date the Acquisition was completed.
- E These adjustments, which are detailed in the table on the "Determination of the total cost of the Business Units acquired" included in paragraph 20.2.2.3, refer to the elimination of the effects of the Acquisition on the cash flows for the six-month period as a result of the procedures used for preparing the pro-forma consolidated cash flow statement, which incorporate the effects of the Acquisition as if it had been completed at 1 January 2006.
- F An imbalance resulted from the fact that the balance sheet effects of the acquisition of the 450 Business Units were determined at the date the acquisition was completed (16 March 2006) and, for the purpose of preparing the pro-forma consolidated cash flow statement for the first half of 2006, were reflected in a past pro-forma balance sheet (at 1 January 2006) based on historical data. This imbalance, which was mainly attributable to the pro-forma adjustments to the SNAI Group's consolidated profit and loss account for the six-month period ended 30 June 2006, was allocated (along with the excess funds obtained over the Cash on Hand payments amounting to EUR 8,370,000) to net liquid assets at 1 January 2006.

20.2.2.3.3 Independent auditor's report on the pro-forma profit and loss data

The independent auditor's report prepared by KPMG S.p.A. in relation to the review of the SNAI Group's pro-forma consolidated profit and loss account at 30 June 2006, which was drafted according to the criteria set forth by CONSOB in Recommendation no. DEM/1061609 of 9 August 2001 on evaluating pro-forma data, is attached to this Prospectus (see Annex 1 to this Prospectus).

The aforesaid report concludes as follows: "Nothing has emerged from our work that might lead us to believe that the assumptions used by the directors of SNAI S.p.A. to draw up the statement relating to the pro-forma profit and loss account for the half-year period ended 30 June 2006, accompanied by explanatory notes, for the purpose of reflecting the effects of the acquisition described above (i.e., the Acquisition), are unreasonable, that the method used to draw up the aforesaid statement has not been applied correctly for the

information purposes described above and finally that incorrect valuation criteria and accounting principles have been used to draw up this same statement.

20.3 Financial statements

The Prospectus contains asset, economic and financial information taken from the consolidated financial statements of SNAI relating to the financial periods 2003, 2004 and 2005. The Company's consolidated financial statements subject to audit are available at the registered office of the Company, at Via L. Boccherini no. 39, Porcari (Lucca), at the offices of the Borsa Italiana S.p.A., at Piazza Affari 6, Milan, and on the internet site of the Company www.snai.it.

20.4 Revision of the annual financial information relating to past years

20.4.1 Auditors' report

The financial statements and the consolidated financial statements of the Company for the financial periods closed respectively as at 31 December 2003, at 31 December 2004 and at 31 December 2005, have been audited by KPMG S.p.A. In its reports the auditing company did not make any comments on these financial statements.

20.4.2 Other information subject to audit

The Prospectus does not contain information subject to audit other than that drawn from the financial statements mentioned at Paragraph 20.4.1 and from the half-yearly report mentioned in paragraph 20.6 below.

20.4.3 Other information not subject to audit

The Prospectus only contains financial data extracted from the financial statements of the Company and subjected to audit.

20.5 Date of the most recent financial information

The most recent financial information included in this Prospectus is that relating to the half-year closed as at 30 June 2006.

20.6 Intra-year financial information and other financial information

The Company approved on 13 September 2006 the report on the half-year closed as at 30 June 2006, subject to audit. The half-year report as at 30 June 2006 is available at the registered office of the Company at Via L. Boccherini 39, Porcari (Lucca), at the office of the Borsa Italiana S.p.A., at Piazza Affari 6, Milan and on the Company's internet site www.snai.it.

Shown below are the consolidated asset and liability statement, profit and loss account and financial statement as at 30 September 2006 (compared to the data for the same period of the 2005 financial year), drawn up according to international IAS/IFRS accounting standards.

Consolidated asset and liability statement as at 30 September 2006

SNAI Group - Consolidated balance sheet at 30 September 2006 and 30 September 2005

31.12.2005	(in thousands of euro)	30.09.2006	30.09.2005
	ASSETS		
	Non-current assets		
119,265	Property, plant and equipment owned	116,900	120,350
5,093	Assets held under financial leases	4,186	4,993
124,358	Total tangible fixed assets	121,086	125,343
11,730	Goodwill and consolidation differences	225,167	11,210
3,022	Other intangible assets	158,980	2,929
14,752	Total intangible fixed assets	384,147	14,139
1,550	Investments accounted for using the equity method	1,706	1,559
542	Investments in other companies	542	347
2,092	Total equity investments	2,248	1,906
145	Other financial assets	145	145
11,535	Deferred tax assets	9,090	6,698
368	Other non-financial assets	1,594	1,568
153,250	Total non-current assets	518,310	149,799
	Current assets		
4,739	Inventories	6,596	4,811
17,078	Trade receivables	18,316	18,287
31,332	Other assets	48,874	32,572
3,279	Current financial assets	5,046	2,957
10,131	Cash and cash equivalents	30,247	6,596
7	Held-for-sale assets	0	0
66,566	Total current assets	109,079	65,223
219,816	TOTAL ASSETS	627,389	215,022
	LIABILITIES AND EQUITY		
	Group equity		
28,570	Share capital	28,570	28,570
44,903	Reserves	55,288	44,903
10,385	Profit (loss) for the year	-3,455	4,530
83,858	Total Group equity	80,403	78,003
1,562	Minority interests in equity	1,205	1,530
85,420	Total equity	81,608	79,533
	Non-current liabilities		
9,758	Severance pay	9,758	8,505
36,059	Non-current financial liabilities	283,748	39,894
19,004	Deferred taxes	53,498	19,151
3,651	Provisions for risks and future charges	2,930	4,112
4,716	Sundry payables and other non-current liabilities	77,888	59
73,188	Total non-current liabilities	427,822	71,721
	Current liabilities		
15,481	Trade payables	18,183	18,902
35,588	Other liabilities	78,559	35,686
2,439	Current financial liabilities	8,431	2,780
7,700	Current portions of long-term loans	12,786	6,400
10,139	Total financial liabilities	21,217	9,180
61,208	Total current liabilities	117,959	63,768
219,816	TOTAL LIABILITIES AND EQUITY	627,389	215,022

Consolidated profit and loss account as at 30 September 2006**SNAI Group - Consolidated profit and loss account at 30 September 2006 and 30 September 2005**

30.09.2006	30.09.2005	<i>(in thousands of euro)</i>	III Quarter 2006	III Quarter 2005
399,037	57,609	Sales and service revenues	162,655	18,600
5,150	5,043	Other revenues and income	4,130	1,060
367	601	Increases in fixed assets due to internal works	99	439
445	(282)	Changes in inventories of finished and semi-finished goods	128	(147)
404,999	62,971	Total value of production	167,012	19,952
(2,066)	(3,089)	Raw materials and consumables used	(412)	(273)
(341,759)	(27,626)	Cost of services and leased assets	(142,232)	(8,892)
(14,322)	(13,640)	Personnel expenses	(4,759)	(4,354)
(7,865)	(4,529)	Other operating expenses	(2,802)	(1,445)
38,987	14,087	Gross operating margin (EBITDA)	16,807	4,988
(22,082)	(6,561)	Depreciation and amortisation	(9,456)	(2,141)
		Reversals of impairment (impairment) of non-current assets	0	0
(125)	(24)	Capital gains (losses) realised on non-current assets	(132)	(1)
16,780	7,502	Operating result (EBIT)	7,219	2,846
147	39	Income and expenses attributable to equity investments	0	(2)
1,148	384	Financial income	338	127
(20,003)	(2,089)	Financial expense	(9,409)	(675)
(18,708)	(1,666)	Total financial income and expense	(9,071)	(550)
0	0	Profit (loss) net of assets ceased/intended for transfer	0	0
(1,928)	5,836	PRE-TAX RESULT	(1,852)	2,296
(1,376)	(1,370)	Income taxes	576	(1,455)
(3,304)	4,466	Profit (loss) for the year	(1,276)	841
		<i>Attributable to:</i>		
(3,455)	4,530	Group profit (loss) for the year	(1,251)	870
151	(64)	Minority interests in profit (loss) for the year	(25)	(29)
(0.06)	0.08	Basic earnings per share	(0.02)	0.02
(0.06)	0.08	Diluted earnings per share	(0.02)	0.02

Consolidated cash flow statement as at 30 September 2006

SNAI GROUP - Consolidated profit and loss account

<i>(in thousands of euro)</i>	30.09.06	30.09.05
A. CASH FLOW – OPERATING ACTIVITIES		
Group profit (loss) for the year	-3,455	4,530
Minority interests in profit (loss) for the year	151	-64
Depreciation and amortisation	22,082	6,561
Impairment/reversal of impairment of non-current assets (including equity investments)	0	0
Net change in deferred tax assets/liabilities	-762	-720
Change in provisions for risks	-721	-65
Capital gains (losses) realised on non-current assets (including equity investments)	125	24
Portion of profit (loss) of equity investments accounted for using the equity method (-)	-147	-39
Net changes in non-current commercial and miscellaneous assets and liabilities and other changes	-4,652	193
Net changes in current commercial and miscellaneous assets and liabilities and other changes	-1,019	-11,057
Net change in severance pay	0	543
CASH FLOW GENERATED (USED) BY OPERATING ACTIVITIES (A)	11,602	-94
B. CASH FLOW – INVESTMENT ACTIVITIES		
Investments in tangible assets (-)	-1,847	-3,598
Investments for acquisition of Business Units (-)		
goodwill	-213,200	
licenses	-172,727	
identified liabilities to AAMS	34,870	
deferred taxes on acquisition of Business Units	37,701	
Other investments in intangible assets (-)	-566	-1,070
Investments in other non-current assets (-)	-9	-195
Acquisition of subsidiaries, net of cash acquired	-508	0
Changes in financial receivables and other financial assets	-1,767	243
Consideration received for the sale of subsidiaries, net of cash disposed of	0	0
Consideration received for the sale of tangible, intangible and other non-current assets	10	120
CASH FLOW GENERATED (USED) BY INVESTMENT ACTIVITIES (B)	-318,043	-4,500
C. CASH FLOW – FINANCIAL ACTIVITIES		
Net change in other financial liabilities	3,329	-3,418
Loan for acquisition of Business Unit “Licenses”	294,067	
Delayed payment to SNAI Betting Points for acquisition of Business Unit “Licenses”	67,790	
Settlement of consolidated bank debt	-40,564	
Consideration received for equity instruments		
Capital increases/reimbursements net of start-up and expansion costs		
Dividends paid to minority shareholders (including distribution of reserves)		
CASH FLOW GENERATED (USED) BY FINANCIAL ACTIVITIES (C)	324,622	-3,418
D. CASH FLOW – ASSETS SOLD OR HELD FOR SALE		
E. TOTAL CASH FLOW (A+B+C+D)	18,181	-8,012
F. NET INITIAL FINANCIAL RESOURCES (INDEBTEDNESS)	9,083	12,863
G. NET EFFECT OF FOREIGN CURRENCY TRANSLATION ON LIQUIDITY		
H. NET FINAL FINANCIAL RESOURCES (INDEBTEDNESS) (E+F+G)	27,264	4,851

RECONCILIATION OF NET FINAL FINANCIAL RESOURCES (INDEBTEDNESS):

CASH AND CASH EQUIVALENTS NET OF SHORT-TERM FINANCIAL DEBT AT BEGINNING OF PERIOD, BROKEN DOWN AS FOLLOWS

Cash and cash equivalents	10,131	13,986
Bank overdrafts	-1,048	-1,123
Discontinued Operations		
	9,083	12,863

CASH AND CASH EQUIVALENTS NET OF SHORT-TERM FINANCIAL DEBT AT END OF PERIOD, BROKEN DOWN AS FOLLOWS

Cash and cash equivalents	30,247	6,596
Bank overdrafts	-2,983	-1,745
Discontinued Operations		
	27,264	4,851

With regard to accounting criteria, the notes, the consolidated financial statements of the Group and the notes to said financial statements, relating to the period ended on 30 September 2006 and 30 September 2005, reference should be made to the consolidated reports prepared by SNAI for each of such periods, which are available in paper format at the Company's registered office and, in electronic format, on the Company's website www.snai.it, and on the Borsa Italiana's website: www.borsaitaliana.it.

Given below are the consolidated balance sheet and the profit and loss account as at 30 June 2006 (compared with the relative data for the same period in the 2005 financial period), as carried in the half-year report at 30 June 2006 drawn up, pursuant to article 81 of the CONSOB Regulations, according to the IAS/IFRS international accounting principles.

Consolidated balance sheet at 30 June 2006

SNAI Group - Consolidated balance sheet at 30 June 2006

<i>(in thousands of euro)</i>	30.06.2006	30.06.2005	31.12.2005
Assets			
Non-current assets			
Property, plant and equipment owned	117,740	120,956	119,265
Assets held under finance leases	4,473	5,255	5,093
Total tangible fixed assets	122,213	126,211	124,358
Goodwill and consolidation differences	225,153	11,211	11,730
Other intangible assets	166,611	2,824	3,022
Total intangible fixed assets	391,764	14,035	14,752
Investments accounted for using the equity method	1,706	1,559	1,550
Investments in other companies	542	152	542
Total equity investments	2,248	1,711	2,092
Other financial assets	145	145	145
Deferred tax assets	10,751	7,618	11,535
Other non-financial assets	1,129	1,498	368
Total non-current assets	528,250	151,218	153,250
Current assets			
Inventories	5,655	4,730	4,739
Trade receivables	20,016	17,255	17,078
Other assets	38,386	17,731	31,332
Other current financial assets	3,748	3,222	3,279
Cash and cash equivalents	23,406	13,534	10,131
Held-for-sale assets	0	0	7
Total current assets	91,211	56,472	66,566
Total Assets	619,461	207,690	219,816
Liabilities and Equity			
Group equity			
Share capital	28,570	28,570	28,570
Reserves	55,288	44,902	44,903
Profit (loss) for the year	-2,204	3,660	10,385
Total Group equity	81,654	77,132	83,858
Minority interests in equity	1,738	1,560	1,562
Total equity	83,392	78,692	85,420
Non-current liabilities			
Severance pay	9,758	8,505	9,758
Non-current financial assets	296,110	40,140	36,059
Deferred taxes	56,954	18,919	19,004
Provisions for risks and charges	3,632	4,111	3,651
Miscellaneous payables and other non-current liabilities	78,737	60	4,716
Total non-current liabilities	445,191	71,735	73,188
Current liabilities			
Trade payables	23,053	20,891	15,481
Other liabilities	62,173	27,785	35,588
Current financial assets	5,652	2,187	2,439
Current portions of long-term loans	0	6,400	7,700
Total financial liabilities	5,652	8,587	10,139
Total current liabilities	90,878	57,263	61,208
Total Liabilities and Equity	619,461	207,690	219,816

Consolidated profit and loss account at 30 June 2006**SNAI Group - Consolidated profit and loss account for the six-month period ended 30 June 2006**

<i>(in thousands of euro)</i>	H1 2006	H1 2005	Year 2005
Sales and service revenues	236,382	39,009	80,229
Other revenues and income	1,020	3,983	5,566
Increases in assets due to internal work	268	162	720
Changes in inventories of finished and semifinished goods	317	(135)	(118)
Total value of production	237,987	43,019	86,397
Raw materials and consumables used	(1,654)	(2,816)	(3,996)
Cost of services and leased assets	(199,527)	(18,734)	(38,013)
Personnel expenses	(9,563)	(9,286)	(19,745)
Other operating expenses	(5,063)	(3,084)	(6,429)
Gross operating margin (EBITDA)	22,180	9,099	18,214
Depreciation and amortisation	(12,626)	(4,420)	(8,815)
Reversals of impairment (impairment) of non-current assets	0	0	0
Capital gains (losses) realised on non-current assets	7	(23)	(84)
Operating result (EBIT)	9,561	4,656	9,315
Income and expenses attributable to equity investments	147	41	36
Financial income	810	257	572
Financial expense	(10,594)	(1,414)	(2,799)
Total financial income and expense	(9,637)	(1,116)	(2,191)
Net profit (loss) from assets sold or held for sale	0	0	0
Pretax Result	(76)	3,540	7,124
Income taxes	(1,952)	85	3,227
Profit (loss) for the year	(2,028)	3,625	10,351
Attributable to:			
Group profit (loss) for the year	(2,204)	3,660	10,385
Minority interests in profit (loss) for the year	176	(35)	(34)
Basic earnings (loss) per share	(0.04)	0.07	0.19
Diluted earnings (loss) per share	(0.04)	0.07	0.19

Consolidated cash flow statement at 30 June 2006

SNAI Group - Consolidated cash flow statement

<i>(in thousands of euro)</i>	30.06.06	30.06.05	2005	2004
A. Cash Flow – Operating Activities				
Group profit (loss) for the year	-2,204	3,660	10,385	9,791
Minority interests in profit (loss) for the year	176	-35	-34	-35
Depreciation and amortisation	12,626	4,420	8,815	8,953
Impairment/reversal of impairment of non-current assets (including equity investments)	0	0		6
Net change in deferred tax assets/liabilities	1,033	-1,872	-5,704	-715
Change in provisions for risks	-19	-66	-526	-2,328
Capital gains (losses) realised on non-current assets (including equity investments)	-7	23	84	-1,221
Portion of profit (loss) of equity investments accounted for using the equity method (-)	-147	-41	-36	1,113
Net changes in non-current commercial and miscellaneous assets and liabilities and other changes	-1,494	264	1,391	-1,670
Net changes in current commercial and miscellaneous assets and liabilities and other changes	-3,134	-1,015	-7,403	347
Net change in severance pay	0	543	1,796	640
Cash Flow Generated (Used) by Operating Activities (A)	6,830	5,881	8,768	14,881
B. Cash Flow — Investment Activities				
Investments in tangible assets (-)	-1,192	-2,380	-4,224	-8,844
Investments for acquisition of Business Units (-)				
goodwill	-213,200			
licences	-172,727			
identified liabilities to AAMS	34,415			
deferred taxes on acquisition of Business Units	37,701			
Other investments in intangible assets (-)	-381	-687	-2,182	-1,007
Investments in other non-current assets (-)	-9	-307	-908	-303
Acquisition of subsidiaries, net of cash acquired	0	0	0	-92
Changes in financial receivables and other financial assets	-469	-22	-79	1,761
Consideration received for the sale of subsidiaries, net of cash disposed of	0	0	0	1,233
Consideration received for the sale of tangible, intangible and other non-current assets	14	206	295	322
Cash Flow Generated (Used) by Investment Activities (B)	-315,848	-3,190	-7,098	-6,930
C. Cash Flow – Financial Activities				
Net change in other financial liabilities	3,669	-3,165	-5,450	-1,194
Loan for acquisition of Business Unit “Licences”	293,502			
Delayed payment to SNAI Points for acquisition of Business Unit “Licences”	66,729			
Settlement of consolidated bank debt	-40,564			
Consideration received for equity instruments				
Capital increases/reimbursements net of start-up and expansion costs				
Dividends paid to minority shareholders (including distribution of reserves)				
Cash Flow Generated (Used) by Financial Activities (C)	323,336	-3,165	-5,450	-1,194
D. CASH FLOW — ASSETS SOLD OR HELD FOR SALE				
E. Total Cash Flow (A+B+C+D)	14,318	-474	-3,780	6,757
F. Net Initial Financial Resources	9,083	12,863	12,863	6,106
(Indebtedness)				
G. Net Effect of Foreign Currency Translation on Liquidity				
H. Net Final Financial Resources (Indebtedness) (E+F+G)	23,401	12,389	9,083	12,863

RECONCILIATION OF NET FINAL FINANCIAL RESOURCES (INDEBTEDNESS)

Cash And Cash Equivalents Net Of Short-Term Financial Debt At Beginning Of Period, Broken Down As Follows				
Cash and cash equivalents	10,131	13,986	13,986	7,331
Bank overdrafts	-1,048	-1,123	-1,123	-1,225
Discontinued Operations				
	9,083	12,863	12,863	6,106
Cash And Cash Equivalents Net Of Short-Term Financial Debt At End Of Period, Broken Down As Follows				
Cash and cash equivalents	23,406	13,534	10,131	13,986
Bank overdrafts	-5	-1,145	-1,048	-1,123
Discontinued Operations				
	23,401	12,389	9,083	12,863

For the accounting standards and explanatory notes relating to the first half of 2006 and the first half of 2005, see the consolidated half-year reports prepared by SNAI for each of these six-month periods.

With regard to accounting criteria, the notes, the report on management of the Company and the Group, as well as to the consolidated financial statements of the Group and the notes to said financial statements, relating to the first six months of 2006 and the first six months of 2005, reference should be made to the consolidated six-month reports prepared by SNAI for each of such six-month periods, available in paper format at the Company's registered office and, in electronic format, on the Company's website www.snai.it, and on the Borsa Italiana's website: www.borsaitaliana.it.

20.7 Dividend policy

By way of introduction, we note that pursuant to the Loan Agreements, SNAI agreed not to distribute dividends in an amount greater than € 2,500,000 in any year subsequent to the date of stipulation of the aforesaid agreements.

In addition, subsequent to such date, the Company may not proceed with any dividend distribution below € 2,500,000 if: (i) the ratio between the as-adjusted total net debt (i.e. SNAI's existing interest-bearing debt on the Loans and in relation to other creditors, minus cash, cash equivalents and short-term investments, as it appears on the Company's last consolidated and certified balance sheet, plus the delayed payment due to Former Licence-Holders) and EBITDA is greater than 2.5; (ii) the Company is in default on any obligations of a financial nature deriving from the Loan Agreements and described in greater detail in Section One, Chapter XXII "Loan Agreements and respective guarantees".

Except for the dividend distribution restrictions deriving from the above-mentioned stipulations and/or from legal provisions and subject to the shareholders meeting not deciding otherwise, pursuant to Art. 26 of the company bylaws, profits not allocated to the legal reserve may accordingly be distributed to the shareholders proportionately to the interest held by them in the Company.

Dividend payments are made at the banks designated by the board of directors as of the date fixed by the board. Dividends not collected within a period of five years running as of the day on which they become payable will be forfeited to the Company.

In observance of the above, during the year, the board of directors may accordingly decide to distribute instalments on dividends under the terms and in the cases provided for by law, and in particular as provided for by Art. 2433-*bis* of the Civil Code.

20.7.1 Dividends per share in the years ending 31 December 2003, 31 December 2004 and 31 December 2005

No dividend distributions were decided by the Company during the years ending 31 December 2003, 31 December 2004 and 31 December 2005.

20.8 Court and arbitration proceedings

The Company operates in a sector characterised by a high degree of litigiousness. Shown below overall are the main court cases to which the Company is a party, for purposes of providing a general picture of the existing litigation. These are further subdivided according to whether the Company has assumed the capacity of plaintiff or defendant.

It is also to be noted that following the consummation of the merger by incorporation of Trenno into SNAI, (see Section One, Chapter V, Paragraph 5.1.5 a) “Merger by incorporation of Trenno into SNAI), the latter, as absorbing company, assumed all the rights and obligations of the absorbed company, therefore continuing in all of the relationships, including those of a judicial nature, attributable to the said absorbed company prior to the merger.

Civil Litigation (SNAI as Plaintiff)

Listed below are the main proceedings in which SNAI is the plaintiff.

- 1. SNAI /EUROMA S.r.L. + DE.RE.CA di De Bernardo Nicola S.a.s. + Pastore Loredana S.n.c. + Bingo di Gennaro Chianese S.n.c. + A.I. RIBOT di Imperiali D’Afflito S.n.c. + Luigi Chianese e C. S.n.c. + A.I. Mario De Matteis Tortora & C. S.n.c. + SA.CO.MI. di Bifulco & C. S.n.c. + Rolando Fernando Chianese & C. S.n.c. + Giuseppe Bifulco & C. S.n.c. + Ippica di Renzo De Bernardo S.n.c. + A.I. di Spaziani Testa Carlo S.r.L. + Carma Servizi di Spaziani Testa Carlo & C. S.n.c. + Dimensione Gioco di Porrazzo S.n.c. + A.I. Serapide di Righetti S.n.c. + Grande Slam**

These are a series of arbitration proceedings brought individually by various parties against SNAI and which were dealt with before arbitration panels sitting in Lucca.

Essentially, the opposing parties all alleged that SNAI was in default on obligations deriving from service provider contracts for collecting horseracing and sports bets, executed individually by SNAI with those opposing parties (limited to this section, the “Contracts”), and, on the basis of that conduct, they have requested that the arbitration panels: (i) ascertain and declare serious default by SNAI on the obligations deriving from the Contracts (including obligations concerning upgrading the computer structures) and serious default by SNAI pursuant to the general principles of a contracting party’s behaviour, also on account of the excessive burden represented by the compensation unilaterally imposed by SNAI for the provision of those services, and (ii) accordingly, declare the Contracts terminated pursuant to Art. 1453 of the Civil Code and order SNAI to pay compensation for all the damages sustained and being sustained both for consequential damages, as well as for loss of income, to be liquidated by equity (damage identified as failure to collect bets, the unusual and unforeseen business costs for lack of productivity, decreased profits following the application of a less-than-optimal booking percentage, and damage to image and diverting

customers); (iii) subsidiarily, to ascertain and declare that the Contracts' effectiveness is limited to the initial period of effectiveness of the state concession granted to the opposing parties, while they cannot be effective for any possible period of extension of the concessions by the state administration, since the provisions contained in Art. 6 of the contract are of restrictive nature and character and also do not appear to have been signed pursuant to Art. 1341 of the Civil Code.

SNAI, on the other hand, disputed the basis of the opposing parties' allegations, as well as their standing to file a petition for termination of the Contracts, arguing that the opposing parties breach by withdrawing from the Contracts, and it requested that the arbitration panels: (i) ascertain and declare the current force, validity and effectiveness of the Contracts; (ii) accordingly, ascertain and declare the continuation of the obligation assumed by the opposing parties to accept bets availing themselves of SNAI's services throughout the term of the concessions and to pay the compensation due and coming due: (ii) to order the opposing parties to pay compensation for the damage sustained and to be sustained by SNAI; (iv) to order the opposing parties to pay the compensation credits already due and not paid, deriving from the services rendered by the Company and from the use of SNAI's brand; (v) subsidiarily, in the event that the opposing party's petition should be granted, to review the compensation for the services and the licence for use of the brand in keeping with the term of the relationship (remarkably lower than the agreed end date) pursuant to Arts. 4, 7 and 10 of the Contracts, in an amount possibly to be determined by a court-appointed expert.

Specifically, in the proceedings in question, SNAI requested that the opposing parties be ordered to pay the amounts indicated below:

- Agenzie Ippiche Palatina e San Paolo di Spaziani Testa Carlo & C S.r.L., EUR 2,293,610.74;
- Agenzia Ippica Serapide di Luciano Righetti & C. Snc, EUR 2,012,672.88;
- Carma Servizi di Spaziani Testa Carlo & C. Snc, EUR 1,122,714.37;
- Dimensione Gioco di Ciro Porrizzo & C. Snc, EUR 1,704,708.57;
- Ippica sas di Rendo De Bernardo & C. Snc, EUR 504,490.94;
- Rolando Fernando Chianese S.r.L., EUR 1,742,297.44;
- Giuseppe Bifulco S.r.L., EUR 538,692.92;
- Sa.Co.Mi. S.r.L., EUR 608,508.79;
- Pastore Loredana S.r.L., EUR 667,830.17;
- Euroma S.r.L., EUR 509,592.16;
- Dereca Sas di De Bernardo Nicola & C., EUR 611,861.44;
- Grande Slam S.r.L., EUR 563,219.66;
- Bingo S.r.L., EUR 852,228.39;
- Ribot S.r.L., EUR 586,769.44;
- Mario De Matteis & C. Snc, EUR 465,232.44;

- Luigi Chianese S.r.L., EUR 614,777.43.

During the course of the arbitration proceedings, two court-appointed experts were appointed with the aim of ascertaining, respectively, (i) the adequacy of SNAI's technological equipment and application programs with respect to the contractual obligations ("First Court-appointed Expert") and (ii) the booking percentage adopted by SNAI, the profitability of the rates provided by it and a comparison of these with those provided by competitors ("Second Court-appointed Expert").

The experts' reports stated, respectively, insofar as the First Court-appointed Expert, that albeit though noting the impossibility of proceeding with an exhaustive evaluation, the software solution provided by SNAI is technologically adequate for the use for which it is intended, as well as resistant to breakdowns; insofar as the Second Court-appointed Expert, that in fixed-rate bets a higher booking percentage does not necessarily lead to greater earnings and that the booking percentage and rate applied by SNAI in sample weeks during the period from 2004 – 2005 were those applied on average during the same periods by other providers.

At the hearing on 8 August 2006, witnesses were excused. The cases, therefore, were ripe for a decision and the parties filed final briefs and rejoinders. The awards are being awaited.

It is to be noted that the opposing parties never quantified the damages that they allegedly sustained as a result of SNAI's behaviour, but even in the final memorials and rejoinders they requested valuation by equity of the damage that they claim to have sustained.

On 27 October 2006, the decisions that settled the arbitration procedures in question were issued. The arbitration panels found that the service contracts were still in force and that the licence holders were required to reinstate the IT connections and to continue accepting bets with SNAI. The arbitration panels therefore ordered the opposing parties to pay SNAI a total of:

- 1) EUR 1,842,958.75 (calculated up to 31 December 2005) as compensation for the loss of profit; and
 - 2) the annual fee for the use of the SNAI trademark in 2005; and 4/5 of the legal and arbitration costs, amounting to an aggregate of EUR € 816,901.00, plus accessory costs.
- 2. SNAI /A.I. SAMBA S.r.L. + PRO.DI.GE. S.r.L. + Alzano Scemme + Totocarovigno + A.T.I. SGAI EFFE EFFE + Puntoquota + Italgames + All Bets S.r.L. + Venice Bet + Tecnosat di Maglioccola + Niky Bet S.A.S. + A.I. Derby S.r.L. + Grazzini Mauro/JOBET S.r.L. + BADINO FABRIZIO + FIN-BET SRL +ITALIA DI PAROLA GINO & C. SNC + FOSSANSCOM DI ROSSI CLAUDIO**

These are arbitration cases that are at different procedural stages, since some have been filed recently, while others have already been decided with an award. The compensation credit to be recovered amounts to about EUR 20,000, while the credit for damages amounts to about EUR 2,260,000.00. In some of these proceedings, the opposing parties allege (similarly to what was done by the opposing parties in the arbitration proceedings listed in paragraph 3 above) default by SNAI on the contractual obligations assumed in the service provider contracts (i.e., contracts similar to those that were the subject of dispute in the arbitration proceedings examined in paragraph 3 above) and they request termination of these contracts with the obligation for SNAI to compensate the damages sustained, to be liquidated by equity, while SNAI disputes such reconstructions and requests ascertainment of default by the opposing parties with the parties'

accordingly being ordered to compensate the damages; in other proceedings, on the other hand, it is SNAI who started the arbitration proceedings to hear the opposing parties found in default for having wrongfully withdrawn from the existing service provider contracts and to have them ordered to pay damages.

The following proceedings, on the other hand, have been decided with an award:

- SNAI/Toto Carovigno; the arbitration panels ascertained the opposing party's default on the obligations pursuant to the supply contract for the latter's having unlawfully withdrawn from the contract; it ordered Toto Carovigno to pay SNAI damages for loss of income in the amount of EUR 11,500.00;
- SNAI/Pro.Di.Ge. S.r.L.; the arbitration panel, having ascertain the opposing party's default on the obligations pursuant to the supply contract for having wrongly withdrawn from the contract, ordered Pro.Di.Ge. to pay SNAI damages for loss of income in the amount of EUR 10,000, plus EUR 1,549.38 as compensation for use of the Punto SNAI brand for the years 2004-2006;
- SNAI/Agenzia Ippica Samba S.r.L.; the arbitral tribunal, having ascertained default by the opposing party on the obligations pursuant to the supply contract, for having unlawfully withdrawn from the contract, and the existence of the obligation to be performed by Samba, ordered the latter to pay SNAI amounts equal to (i) EUR 2,841.91 plus interest at the legal rate on credits due, and (ii) EUR 122,527.30 as damages for loss of income.
- SNAI/Tecnosat S.r.l. di Maglioccola Luciano ("Tecnosat"): the arbitration panel, having found the opposing party to be in breach of the supply contract for having unlawfully withdrawn from it, and the existence of a duty on the part of Tecnosat to comply with the contract, sentenced this company to pay SNAI (i) the annual fee for 2005 for the use of the SNAI trademark; (ii) an amount of EUR 85,000.00 for loss of profit (iii) an amount of EUR 111,757.00 as a refund of 4/5 of the legal and arbitration costs.

Negotiations are currently under way for a settlement to the SNAI/Tiberia Fiorina and SNAI/Veneta Servizi S.r.l. procedures.

3. SNAI / SALVAGNO STEFANIA+ A.I. BUSTO ARSIZIO S.R.L. + A.I. GALLARATE S.R.L. + LA SCOMMESSA FLEGREA S.R.L. + M.P. SAS DI CANTONE ANNITA + COM.ES. S.R.L. + PLURALIA S.R.L.+VENETA SERVIZI S.R.L. + BETTING SPORT DI RUSCALLA CATERINA E C S.N.C. + TIBERIA FIORINA + G.A.I.C. GESTIONE AGENZIA IPPICA CAGLIARI DI MARCO TRUDU E C. S.N.C. + TYCKE SAS (Awarded on 20/06/06)

These are recently filed arbitration proceedings, for which the tribunals are in the process of being determined. In some cases negotiations are underway to arrive at a settlement.

In these proceedings SNAI is the claimant and requests that the tribunals ascertain the wrongfulness of the conduct by the opposing parties who unilaterally put an end for no reason to the existing computer service provider contracts (contracts similar to those better described in paragraph 3 above).

Listed below are the amounts of the claims for pecuniary awards put forth by SNAI against the individual opposing parties in the proceedings in question:

- A.I. Gallarate S.r.L.: EUR 1,300,000.00;

- A.I. Busto Arsizio S.r.L.: EUR 720,000.00;
- G.A.I.C. Gestione Agenzia Ippica Cagliari di Marco Trudu e C. S.n.c.: EUR 530,000.00;
- Tiberia Fiorina: EUR 100,000.00;
- Salvagno Stefania: EUR 370,000.00;
- La Scommessa Flegrea S.r.L.: EUR 620,000.00;
- Veneta Servizi S.r.L.: EUR 110,000.00;
- Com.Es. S.r.L.: EUR 220,000.00;
- M.P. Sas di Cantone Annita: EUR 620,000.00;
- Tycke Sas: EUR 450,000.00;
- Pluralia S.r.L.: EUR 24,000.00;
- Betting Sport Di Ruscalla Caterina e C. S.n.c.: EUR 340,000.00;

4. SNAI + SNAI Servizi /DREAMFARM + DE Vizia

In a summons served on 7 May 2003, SNAI and SNAI Servizi sued Dreamfarm S.A. before the Civil Court of Lucca for purposes of obtaining an order for the latter to pay (i) an amount equal to EUR 3,282,152.00 (plus interest at the legal rate) to SNAI; (ii) an amount equal to EUR 270,811.00 (plus interest at the legal rate) to SNAI Servizi; and (iii) damages to both plaintiff companies pursuant to Art. 1224 of the Civil Code for the difference between the legal interest rate and 10%.

The plaintiff companies based their own claims on an acknowledgment of debt made by means of a private instrument authenticated on 29 October 2002 by the defendant company, alleging that (i) the respective amounts were never paid by the defendant and (ii) the lack of payment by Dreamfarm on the agreed due dates forced the plaintiffs to resort to bank loans, causing damage to be quantified in the amounts paid to the lender banks in interest at the rate of 10% a year.

In the same summons, for purposes of making the decision to be adopted by the court enforceable on such defendant, SNAI and SNAI Servizi also sued lawyer Carmine De Vizia, creditor of SNAI, who had assigned his own credit (equal to EUR 1,400,000) to Dreamfarm and questioned the effectiveness of the assignment after that credit was off-set to determine the amounts mentioned in the aforementioned acknowledgment of debt by Dreamfarm.

Defendant lawyer De Vizia, in appearing in court, put forth a counterclaim against SNAI and SNAI Servizi, while Dreamfarm did not appear and was declared in default.

On 21 June 2006, lawyer De Vizia declared in a settlement document that he was abandoning the current dispute and any future legal action on the same subject, in view of SNAI's payment to him in the amount of EUR 420,000 (EUR 250,000 of which were paid on that date with the remaining EUR 170,000 to be paid on 15 January 2007). With the abandonment of the court proceedings served on SNAI and SNAI Servizi on 27 September 2006, but not yet filed at the clerk's office, lawyer De Vizia requested that the Court declare

the lawsuit against them as extinguished insofar as the counterclaim brought against SNAI and SNAI Servizi.

The next hearing is set, following a continuance, for 23/3/2007 with a deadline for briefs until 15/1/2007 and responses until 15/2/2007.

5. SNAI / the UNIRE

In granting a petition filed by SNAI on 23 November 2004, the Court of Rome issued payment injunction no. 83322/04, served on the UNIRE on 17 January 2005, for an overall amount of EUR 1,276,698.85, plus interest at the legal rate.

the UNIRE filed an opposition to the injunction and in the brief in opposition, it requested that the Court (i) declare its own lack of jurisdiction and accordingly revoke the injunction; and (ii) subsidiarily, ascertain the non-existence of a payment obligation in the name of the UNIRE and, accordingly, revoke the injunction.

SNAI entered an appearance with a brief dated 14 July 2005, disputing all that was alleged by the opposing-party and making a detailed description of the dealings giving rise to the credit referred to in the payment injunction, as well as asking the Court to order provisional execution of the said injunction. Following SNAI's request, the judge declared provisional execution of the injunction at the hearing on 30 September 2005. The debtor paid spontaneously on 21 April 2006.

The cognizance proceeding continues. The hearing for putting forth final briefs is set for 26/10/07.

6. SNAI COM S.r.L. (now SNAI S.p.A.)/CAFIERO LORENZO

In a petition pursuant to Art. 700 of the Code of Civil Procedure, SNAI COM requested that the Court of Naples issue an emergency ruling aimed at prohibiting Mr. Cafiero from using the "Varenne" brand, registered by the latter in class 25 on the basis of prior use of such brand (by SNAI COM and its principal Mr. Vincenzo Giordano) since 1998.

On the basis of a ruling for denial issued in a preliminary hearing on 21 December 2001, which nevertheless contained positive findings from the standpoint of the *fumus boni iuris* for purposes of recognizing SNAI COM's prior use of the "Varenne" brand in the apparel sector, SNAI COM started the proceeding on the merits and in a summons served on 19 February 2002, requested that the Court of Naples: (i) ascertain prior use of the "Varenne" brand on apparel items and on products falling under class 25 and accordingly declare the registration of the said brand for the benefit of Mr. Cafiero in class 25 as void; (ii) prohibit the said Mr. Cafiero from further use of the "Varenne" brand.

In his own entry of appearance and statement of defence, Mr. Cafiero challenged the statement of fact and law made by SNAI COM and put forth a counterclaim, asking the Court to (i) declare Mr. Cafiero the holder of the "Varenne" brand for class 25 and accordingly prohibit SNAI COM from using that brand; (ii) order SNAI COM to pay compensation to the defendant as damages for infringement of the brand rights and damages for a frivolous lawsuit, in an amount to be determined in the course of the case.

The case was investigated, the evidence was exhibited, and the next hearing is set for this coming 17th of October 2006.

7. SNAI COM S.r.L. (now SNAI S.p.A.)/CAMPO BERNARDO

In a petition pursuant to Art. 700 of the Code of Civil Procedure, SNAI COM asked the Court of Palermo for the issuance of an emergency ruling aimed at prohibiting Mr. Campo from using the internet domain name www.varenne.it, on the basis of prior use of the Varenne brand (by SNAI COM and its principal Mr. Vincenzo Giordano) since 1998.

The Court of Palermo granted the petition and prohibited Mr. Bernardo Campo from using the internet domain name. Subsequently, in a summons dated 13 December 2001, SNAI COM started the respective proceeding on the merits against Mr. Campo, the Italian Registration Authority, the Italian Naming Authority, and the C.N.R., requesting that the Court of Palermo: (i) ascertain usurpation of the “Varenne” brand by Mr. Campo as having occurred and accordingly the infringement of the exclusive rights held by SNAI COM to that brand; (ii) prohibit Mr. Campo from using the domain name www.varenne.it, as well as the name “Varenne” as a distinctive sign; (iii) order the Italian Registration Authority to cancel the aforesaid domain name; (iv) ascertain the liability of Mr. Bernardo Campo for unfair competition pursuant to Art. 2598, paragraphs 1 and 3 of the Civil Code and accordingly order the latter to pay damages, to the extent to be determined in the course of the case.

The defendant appeared in court, arguing the inadmissibility and illegality of all the claims and requested revocation of the emergency ruling and denial of the claims put forth on the merits by SNAI COM.

The case in the course of investigation and at the hearing on 20 December 2006, formal questioning of the legal representative of SNAI is expected.

Civil Litigation (as Defendant)

Listed below are the main proceedings where SNAI appears as defendant, including those originally attributed to Trenno S.p.A.

1. ABN — AMRO BANK N.V. (formerly ABN AMRO Corporate Finance S.p.A.)/ SNAI

Opposition by SNAI to Payment Injunction no. 14899/2003 dated 11 June 2003 (pending before Section V of the Court of Milan, Judge Apostoliti, R.G. 58421/03), whereby the Court ordered SNAI to pay AMB AMRO the overall amount of EUR 1,303,903.49. ABN AMRO based its claim on some consulting contracts executed with SNAI, for which compensation for a success fee was allegedly never paid. With the opposition, SNAI requested revocation of the injunction, in consideration of the fact that ABN AMRO did not perform the consulting contractually provided for and that, in any case, the operating result to which payment of the possible compensation known as “success fee” was subject was not achieved. ABD AMRO requested denial of SNAI’s claims and upholding of the payment injunction, with the resulting order for SNAI to pay the sum stated therein.

In compliance with the payment injunction order declared executory by the Court, SNAI paid ABN AMRO the amount of EUR 1,017,000 in view of a principal amount of EUR 1,300,000, plus interest, making reservation of recovery at the end of the case. At the hearing on 19/9/06, the case was made ripe for a decision, with deadlines for final briefs and responses.

2. MATISSE 90 S.r.L. / SNAI

The dispute pending before the Milan Court of Appeals concerns alleged default by SNAI on obligations deriving from a contracting agreement for supplying the outfitting of betting offices owned by the plaintiff, allegedly executed between the parties (in the course of the lawsuit on first instance a copy thereof was not produced). Such default, occurring especially in the delay in outfitting the betting rooms, allegedly caused the plaintiff damage, according to what it says, equal to EUR 1,549,370, due to (i) amounts paid to the Ministry of Finance as a guaranteed minimum pursuant to the gaming room concession notwithstanding the material inoperativeness of the said room and (ii) loss of income.

The judgement on first instance provided for full rejection of the plaintiff's claim, since (i) the plaintiff never proved the default by SNAI, (ii) no deadline for readying the work appeared to have been agreed in the contracting agreement and (iii) the time taken by SNAI to complete the work appeared to be consistent with the complexity of its execution.

In an appeal filed on 3 May 2004, Matisse requested preliminarily that (i) the provisional executoriness of the judgement on first instance be suspended; (ii) that the existence of an arbitration clause in the contracting agreement (produced for the first time with the appeal) be ascertained and that the ordinary judge's lack of jurisdiction be accordingly declared. On the merits, Matisse requested that the Milan Court of Appeals (i) ascertain serious default by SNAI and accordingly order complete and proper performance by the latter; and (ii) order SNAI to pay damages deriving from the default in the amount of EUR 1,549,370. In addition, Matisse requested by way of discovery that oral evidence on various aspects be admitted.

SNAI, entering an appearance on the appeal, requested that the Court (i) deny the grievance and uphold the judgement on first instance and (ii) subsidiarily and on the merits, declare the inadmissibility of new evidence and deny the appellant's claim in full.

The case was continued for filing of the final briefs at the hearing on 31 May 2007.

3. FRANCESCO CALIFANO/SNAI + LOTTOMATICA + SISAL + AAMS

The dispute, pending before the Court of Rome on first instance, was started with the summons served on SNAI on 21 May 2005 for its having authorised the acceptance of bets on the outcome of the Festival of Sanremo in alleged violation of legal provisions and/or in any case the image and artistic personality rights of Mr. Francesco Califano, requesting determination of the damages by equity.

SNAI requested denial of the claim filed by the plaintiffs as inadmissible and in any case unfounded, ordering the said plaintiffs to pay the procedural costs.

At the hearing on 15 November 2006, the case was adjourned to a hearing on 14 March 2007.

4. FIMI + 5 / SNAI + LOTTOMATICA + MATCH POINT + SISAL + AAMS

The dispute pending before the Court of Rome on first instance was begun with a summons served on SNAI on 14 April 2005 for its having authorised the acceptance of bets on the outcome of the Festival of Sanremo in alleged violation of legal provisions and/or in any case of the copyrights and financial rights that FIMI (as the entity representing record producers) and the artists bringing the case claim to hold, with (i) a petition for an injunction prohibiting the defendants from organising and promoting bets on subsequent years of the Festival of Sanremo and to order a penalty of EUR 500,000.00 for each day of delay in performance of the

injunction issued and (ii) a request for compensation of the damages sustained and to be sustained, to be liquidated by equity as an amount of no less than EUR 240,000.00.

SNAI requested denial of the claim brought by the plaintiffs as inadmissible and in any case unfounded, ordering the said plaintiffs to pay the procedural costs.

At the hearing of 19 October 2006, the case was adjourned to the hearing on 31 May 2007, for final arguments.

5. SNAI S.p.A. /ALPIGAME S.n.c. di Galasso Vincenzo

With a payment injunction issued as provisionally executory dated 31 May 2005, equipped with execution wording on 6 June 2006 and served on 13 June 2006, the Court of Bolzano enjoined SNAI S.p.A. to pay EUR 588,000 (plus interest at the legal rate) to Alpigame S.n.c., in view of the alleged installation of so-called concentrators for gaming devices pursuant to Art. 110, paragraph 6, of the Consolidated Public Safety Act.

The payment injunction was issued as provisionally executory solely on the basis of an invoice and at the simple request of Alpigame S.n.c. without the latter's explaining besides the reasons for the risk of serious damage from delay that could justify the issuance of provisional execution pursuant to Art. 642 of the Code of Civil Procedure. In addition, the Judge also ruled out the observance of the time periods referred to in Art. 482 of the Code of Civil Procedure.

On 23 June 2006, SNAI S.p.A. filed an opposition to the Injunction. In its brief in opposition, after having disputed the admissibility of the measure due to the lack of the requirements referred to in Art. 633 of the Code of Civil Procedure, as well as challenging the statement of facts made by the opposing party, SNAI requested that the Court of Bolzano (i) preliminarily, suspend the provisional executoriness of the payment injunction; (ii) ascertain and declare that Alpigame's credit against SNAI for the services provided amounts only to the amount of EUR 17,000.00 and accordingly revoke the payment injunction; and (iii) order the opposing party to pay SNAI EUR 37,171.58 (as unpaid flat withholding tax), offsetting the credit referred to in the previous item with this latter one.

Forced execution has not been started by Alpigame S.n.c.

The hearing for appearance by the parties is set for 23 November 2006.

6. SNAI S.p.A./ECAM S.r.L.

In a summons served on 5 April 2006, ECAM S.r.L. sued SNAI S.p.A. before the Court of Massa, complaining of default on a supply and operational start-up contract in effect between the parties, requesting that the Court declare its cancellation and order SNAI to pay compensation for damages in an amount to be quantified by inquiry.

SNAI S.p.a. entered an appearance on 27 June 2006 and (i) demurred that the claim cannot be filed since any dispute regarding the underlying contract is subject to arbitration, (ii) requested denial of the plaintiff's claims, bringing exceptions on the merits aimed at demonstrating perfect performance of the supply contract and showing the forfeiture and/or lapsing of the statute of limitations regarding the action; and (iii) requested that it be authorised to call for warranties from the manufacturers of the merchandise delivered to ECAM

(specifically the companies Intec S.p.A., Modulo Punto Com S.r.L. and Liuni S.p.A.). The hearing for appearance of the parties is set for 31/01/2007.

7. POSTE ITALIANE S.p.A. + ETI (Ente Tabacchi Italiano) / VENTURINI & C. S.p.A. + SNAI SERVIZI SPAZIO GIOCO S.r.L. (now SNAI S.p.A.)

The dispute (pending before the Court of Rome, Section III, Judge Vannucci, R.G. 88033/03) derives from abandonment of an administrative remedy by Venturini and SNAI (following a motion for striking from the docket at the initiative of ETI and Poste Italiane) brought by the latter, aimed at obtaining annulment of an award in favour of RTI Lottomatica by AAMS of a concession for the service of managing the national lotteries and the resulting awarding of the concession in favour of the Esultalia consortium being created (comprised of SNAI, Venturini, Poste Italiane and ETI).

Following abandonment of the remedy, ETI and Poste Italiane, who intervened in the administrative proceeding only after it had been started, allegedly found themselves unable to continue with the administrative proceeding and applied to the Court of Rome to hear it (i) ascertain and declare serious default by SNAI and Venturini on the private instrument dated 7 December 2000 (which obligated the parties to create the Esultalia consortium to take part in the tender) for having abandoned the remedy and (ii) accordingly order SNAI and Venturini jointly to pay compensation for damages deriving for the plaintiffs due to the lack of the award, in an amount to be quantified in the course of the case.

SNAI did not enter an appearance in court, while Venturini, in its own appearance, after having specified how Esultalia's lack of an award, in view of the modification of some factual circumstances, should be considered even as positive, requested that the Court (i) deny the plaintiffs' claim as unfounded in fact and in law, in view, among other things, of the non-existence of obligations in the private instrument of 7 July 2000 regarding challenging the award; and (ii) order the plaintiffs to pay for the damage deriving for Venturini from the lack of an award due to the actions and fault of ETI and Poste Italiane, as well as damages for a frivolous lawsuit, to be determined in the course of the case.

Venturini also filed a second lawsuit before the Court of Rome, requesting and obtaining joinder with the lawsuit mentioned above, asking the Court of Rome to ascertain the non-contractual, or subsidiarily contractual, liability of ETI and Poste Italiane for the lack of awarding of the concession for management of the national lotteries.

8. TADDEI HEIRS / TRENNO

This involves a dispute, currently only a potential one, which has its origin in a fatal accident occurring on 13 September 2005 at the Racecourse in Sesana di Montecatini (FI). Following the death of Mr. Mario Taddei, on 3 January 2006, his heirs (wife and three children) requested compensation for pecuniary loss, pain and suffering, and physical injury, without quantifying the amount from Mr. Salvatore Materazzo (who materially caused the accident) and from Trenno, as manager of the racecourses where the accident occurred. By September 2005, Trenno had seen to reporting the claim to its own insurance company.

9. VISIONS S.r.l. / TRENNO

The dispute (pending before the Court of Pistoia) had its origin in a contract stipulated on 9 January 1990 and effective for a period of three years between Società Fiorentina per le Corse dei Cavalli (later merged by incorporation into Sport e Spettacolo Ippico S.p.A., now Trenno S.p.A., hereinafter "Trenno") and RAX

S.r.l. (now Visions S.r.l., hereinafter “Visions”), having as its corporate purpose the provision of services inherent to the study and design of advertising activities and campaigns of different types by the latter for Trenno. After the filing of two different proceedings, which were then joined, by Trenno, on 15 October 2002 the proceeding was stayed, to be resumed (at the request of Visions) with a ruling by the judge filed with the clerk’s office on 5 March 2003.

Trenno had requested that the Court kindly (i) ascertain and declare the cancellation of the aforementioned service provider contract on account of serious defaults and delays in Visions’ performance of the obligations deriving from the contract; (ii) ascertain and declare that Trenno does not owe Visions the amounts referred to in some invoices issued in the course of the year 1992, which refer to activities which, in Trenno’s opinion, were never carried out by Visions or, if they were, were carried out outside the contractual provisions without specific authorisation; (iii) order Visions to compensate Trenno for the damage deriving from Visions’ contractual defaults, in an amount to be determined by equity, as well as to pay Trenno the amount of about EUR 18,000.00 referred to in the invoice dated 31 December 2001 issued by Trenno.

Visions requested that the Court (i) ascertain and declare the unlawfulness of the cancellation of the contract by Trenno and accordingly (ii) order Trenno to pay Visions about EUR 650,000.00 as damages for loss of income and for damage to its business reputation; and (iii) order Trenno to pay Visions an amount equal to about EUR 250,000.00 (plus interest) as compensation due for services rendered and never paid for (to which the 1992 invoices disputed by Trenno refer).

In December 2004 the final briefs and the respective responses were filed. Nevertheless, the judgement has not yet been handed down and, in an order dated 19 December 2005, the Court ordered remittance of the case to the docket, setting a new hearing for putting forth final briefs for 5 April 2006. Following that hearing, new final briefs were filed. The judgement is being awaited.

By means of order no. 1072/2006, registered with the clerk’s office on 18 October 2006, the Court rejected the petitions of both parties, only partially granting the counterclaim made by Visions and, consequently, sentenced Trenno to pay Visions the amount of EUR 94,313.14, to be revalued according to Istat indexes as of the date of submission of the counterclaim.

10. Lack of proceedings related to the Business Units involved in the Acquisition.

On the date of this Prospectus, no proceedings are pending related to the Business Units involved in the Acquisition.

In any case, it is noted that in connection with each Option Agreement, each Former Licence Holder has represented and warranted, among other things, that their respective Concession is fully valid and is operated in observance of all the legal provisions governing its operation and accordingly is not subject to nor may it be invalidated by any ruling or procedure for revocation and/or suspension, nor is the Former Licence Holder liable to penalties in relation to it. In the event that the aforesaid representations and warranties should be untruthful or inaccurate, each Option Agreement provides that each Former Licence Holder is required to hold SNAI harmless of any cost, loss, liability, capital loss, deferred liability, damage, or expense, including attorneys’ and other consultants’ fees, or charges of any type that it may sustain.

Administrative Proceedings

Listed below are the main administrative proceedings involving SNAI and some of the companies forming part of the SNAI Group.

Proceedings to which SNAI S.P.A. is a party

1. SNAI S.p.A. (counterappellant) versus LA CHIESINA S.r.L. –Lazio Regional Administrative Court, Section II, Appeal no. 12781/2001 –Pistoia Bingo

Counterappeal for the annulment of the “*Classification of the concessions for the management of halls intended for the game of Bingo*” published in Official Gazette no. 163 dated 16/7/2001 in the part concerning the classification of competitors for the province of Pistoia, where SNAI S.p.A. (envelope 555) received only 40 points, as well as of the Bidding Terms and the “*Terms for participation in the public auction*”, if interpreted in the sense that the technical bid should be more detailed against the main appeal by LA CHIESINA S.r.L. for the annulment of the decree dated 11/7/2001 approving the “*Classification of the concessions for the management of halls intended for the game of bingo*” and of Appendices 1 and 2, regarding the Province of Pistoia and for correction of the classification, as well as of the minutes of the Award Committee sessions dated 27/2/2001, 5/5/2001, and 11/6/2001 and the evaluation forms for envelopes nos. 519, 967, 555, and 1003. In order no. 425 dated 29/5/2002, the Regional Administrative Court denied the opposing party’s request for a stay, setting a new Council Session for 16/10/2002. At that time, the main appellant’s counsel requested remittance on the merits. We are waiting for the hearing on the merits to be set.

2. SNAI S.p.A. (appellant) versus CONI — Lazio Regional Administrative Court, Section III, Appeal no. 4679/2002 — Totocalcio tender (Cinque Cerchi)

Appeal for the annulment of the letter by the Central Director of the CONI General Contract and Procurement Affairs Management Department Prot. no. 0308 dated 28/3/2002, denying the petition filed by the appellant in a letter dated 22 March 2002, Protocol no. 6842/02, of the responses by CONI to the competitors’ requests for clarification and of all the records of the competition proceeding, including the bylaws of the Company Cinque Cerchi S.p.A., the agreements with semi-public agencies, the bidding terms, the letter of invitation to the competitive proceeding and to the data room, any related presupposed and resulting documents, and of letter Prot. no. 16748 dated 31/10/2001 by the Chief of Staff of the Ministry for Cultural Assets and Activities. In order no. 2682/2002 dated 23/5/2002 the application for interim relief was denied.

In a document filed 3/7/2002, additional grounds were put forth against the letter by the Minister for Cultural Assets and Activities Prot. no. 21460 dated 30/11/2000, the letter by the Secretary General of the Sports Organisation Relationships Office of the Ministry of Cultural Assets and Activities Prot. no. 61668 dated 16/11/2001 and the minutes of the 884th meeting of the CONI National Board held on 26/3/2002. In a document filed on 22/7/2002, further additional reasons were put forth for the annulment of the ruling of unknown date and particulars awarding the tender to the consortium made up of LOTTOMATICA S.p.A. (principal), BNL S.p.A., UTS S.p.A., Citec S.p.A. and Telcos S.p.A.

Waiting for the hearing on the merits to be set.

3. SNAI S.p.A. (counterappellant) versus LOTTOMATICA S.p.A. — Lazio Regional Administrative Court, Section II, Appeal no. 3824/2003 — annulment of AAMS letter on national lotteries

Counterappeal in the lawsuit brought by LOTTOMATICA against directional letter Prot. 2795/COA/LTI, received on 23/1/2003 by SNAI, VENTURINI, POSTE ITALIANE and ETI, in their capacity as members of the ESULTALIA consortium being created, in care of the Amministrazione Autonoma dei Monopoli di Stato, in which, as a result of their specific request for the “*awarding of the management of the national lotteries*”, they are informed “*that while awaiting a decision on the disputes still pending . . . the undersigned Administration cannot proceed with the awarding of the service that is the purpose of the tender*”. The counterappeal was served specifying that “*Service of this document is being made solely for prudential purposes for the denied hypothesis in which the agreement in the process of being decided among the members of RTI LOTTOMATICA and the members of the ESULTALIA consortium being created should not be reached, so as to avoid the useless lapsing of the respective forfeiture period*”. Waiting for the hearing on the merits to be set.

4. SNAI S.p.A. (nominal respondent) versus AGENZIA IPPICA SERAPIDE DI RIGHETTI LUCIANO & C. S.n.c. — totocalcio tender– Lazio Regional Administrative Court, Section II, Appeal no. 6649/2003

Response to the appeal for annulment of the “*Public Notice for the selection of operators (providers) to be awarded the management of prediction competitions and other possible games related to sporting events*” (G.U.R.I., Part II, no. 90 of 17/4/2003 and G.U.C.E. no. S 75 of 16/4/2003), as well as of any other resulting document and in particular the letter by the Amministrazione Autonoma dei Monopoli di Stato Prot. no. 2003/26017/COA/UDC of 30/5/2003 excluding the ATI TOTOMATICA consortium being created and the ruling attributing the concession to SISAL S.p.A., LOTTOMATICA S.p.A. and SNAI S.p.A. In order no. 3732 of 23/7/2003, the opposing party’s application for interim relief was denied due to lack of *fumus boni juris* and *periculum in mora*.

In January 2006, the appellant put forth additional grounds. In April 2006, a notice of intervention *ad adiuvandum* was served by Ms. Maria CIPOLLA.

The hearing on the merits was set for this coming 8/11/2006, but — by understanding with the counsel for LOTTOMATICA — a petition for a continuance is in the preparatory stage, so as to allow for joint handling of this lawsuit with another lawsuit related to it both in terms of subject matter and parties.

5. SNAI S.p.A. (nominal respondent) versus M.P. di CALABRESE MARIA PAOLA & C. S.a.s. — Lazio Regional Administrative Court, Section II, Appeal no. 4907/2004 — totocalcio tender

Response to the appeal for annulment of the AAMS notice for the “*selection of operators (providers) for purposes of the concession of activities and public functions relative to prediction competitions*” in G.U.R.I., 17/4/2003, Series II, no. 90, and of all the tender instruments and documents, of the approval of the outcome of the proceeding and of the list of concessionaires. The appeal was originally docketed by the Sicily Regional Administrative Court (Catania Section), which in order no. 408 of 15/7/2003, had postponed the stay requested by the Public Prosecutor *sine die*. Subsequently, at the Council Session held on 24/3/2004, the appellant had accepted all the exceptions of lack of jurisdiction raised also by SNAI in a specific motion for settling jurisdiction. The opposing party’s motion was belatedly resumed before the Lazio Regional

Administrative Court, where in January 2006 the appellant put forth additional grounds. In April 2006 a notice of interveniton *ad adiuvandum* was served by Mrs. Maria CIPOLLA.

SNAI has already filed an entry of appearance before the Lazio Regional Administrative Court.

The hearing on the merits is set for this coming 8/11/2006, but — by understanding with the counsel for LOTTOMATICA — we are preparing a motion for continuance, so as to allow for joint handling of this lawsuit with the following one, which is related to it both in terms of subject matter and parties.

6. SNAI S.p.A. (nominal respondent) versus COPPINI GIORGIO & PARTNERS S.a.s. — Lazio Regional Administrative Court, Section II, Appeal no. 6744/2003 — totocalcio tender

Response to the appeal for annulment of the AAMS notice for the “*selection of operators (providers) for purposes of the concession of activities and public functions relative to prediction competitions*” in G.U.R.I., 17/4/2003, Series II, no. 90, and of all the tender instruments and documents, of the approval of the outcome of the proceeding and of the list of concessionaires. In order no. 3733 of 23/7/2003 the opposing party’s application for interim relief was denied due to lack of *fumus boni juris* and *periculum in mora*.

Waiting for the hearing on the merits to be set, despite the fact that the appeal is related to the two previous ones in terms of both subject matter and parties, as already noted.

7. SNAI S.p.A. (respondent) versus Pianeta Scommesse S.r.L. + 1 — Lazio Regional Administrative Court, Section I, Appeal no. 1250/2006 — annulment of a ruling by the Autorità Garante della Concorrenza e del Mercato

Response to the appeal filed by Pianeta Scommesse S.r.L. (“Pianeta”) for the annulment of ruling no. 14908 by the Autorità Garante della Concorrenza e del Mercato at the session on 23/11/2005, whereby it was decided not to start up the inquiry referred to in Art. 16, paragraph 4, of Law no. 287/1990, with reference to the transactions being carried out by SNAI S.p.A. for the acquisition of 452 business units consisting of some other concessions for collecting horseracing and/or sports bets.

As a result of the hearing held on 10/05/2006, the ruling part of order no. 148/2006 was issued, which denied the appeal filed by Pianeta. The order was published on 20 October 2006. The claims raised by Pianeta were considered groundless by the Court.

8. SNAI S.p.a. (appellee) versus SAPAR + 1 — Council of State, Section IV, Appeal no. 9092/2005 — annulment of the decree and bidding terms for the awarding of concessions for gaming devices Art. 110 Consolidated Public Safety Act

Response to the appeal filed by SAPAR for the requested amendment of Lazio Regional Administrative Court, Section II judgement no. 4296 of 31/5/2005 denying the appeal filed by SAPAR for the annulment of Ministerial Decree no. 26 of 12/3/2004 and resulting prearranged directorial decrees for the issuance of the Bidding Terms published on 20/4/2004 for the awarding of a concession for the activation and operational management of networks for remote management of lawful gaming, by means of diversion and entertainment devices, as well as the respective activities and related functions. As a result of the hearing on 14/3/2006, decision no. 1458/2006 was published, whereby Section IV of the Council of State interrupted the proceeding pursuant to Art. 301 of the Code of Civil Procedure, with joinder of the lawsuit with the next one and acknowledgement of Lottomatica’s extinguishment by absorption.

On 26/7/2006 a notice of resumption was belatedly served by SAPAR.

Waiting for the hearing on the merits to be set.

9. SNAI S.p.A. (appellee) versus BETTARELLI Luciano et al. — Council of State, Section IV, Appeal no. 9092/2005 — annulment of the decrees and bidding terms for awarding a concession for games by means of devices Art. 110 Consolidated Public Safety Act

Response to the appeal filed by BETTARELLI for requested amendment of Lazio Regional Administrative Court, Section II judgement no. 4295 of 31/5/2005 denying the appeal filed by BETTARELLI for the annulment of Ministerial Decree no. 26 of 12/3/2004 and prearranged directorial decrees for the issuance of the Bidding Terms published on 20/4/2004 for the awarding of a concession for the activation and operational management of networks for remote management of lawful gaming, by means of diversion and entertainment devices, as well as the respective activities and related functions. As a result of the hearing on 14/3/2006, decision no. 1458/2006 was published, whereby Section IV of the Council of State stayed the proceeding pursuant to Art. 301 of the Code of Civil Procedure, with joinder of the lawsuit with the next one and acknowledgement of Lottomatica's extinguishment by absorption.

Since a notice of resumption was served by SAPAR on 26/7/2006, albeit belatedly, the lawsuit that by now has taken on the same R.G. number as the previous one, is waiting for the hearing on the merits to be set, at which time the extinguishment having occurred will be demurred.

An expense reserve of € 5,570.00 has been created (invoice no. 148 dated 28/4/2006).

10. SNAI S.p.A. (respondent) versus BETFAIR LIMITED et al. — Lazio Regional Administrative Court, Section II, Appeal no. 3399/2006 — annulment of Decree Prot. no. 2006/4249/GIOCHI/UD of the Ministry of Economy and Finance — AAMS dated 7/2/2006 known as “removal of cases of remote supplying without authorisation of games, lotteries, bets or prediction competitions with cash winnings”

Response to the appeal filed by the BETFAIR LIMITED for the annulment of Decree Prot. no. 2006/4249/GIOCHI/UD of 7/02/2006, known as “*removal of cases of remote supplying without authorisation of games, lotteries, bets or prediction competitions with cash winnings*” published in G.U.R.I. no. 36 dated 13/2/2006. In order no. 2623 dated 10/5/2006 the opposing party's application for interim relief was denied.

BETFAIR LIMITED filed an appeal against that order before the Council of State (Section IV, Appeal no. 4764/2006). Following the Council Session on 26/7/2006, in order no. 4011/2006 the Council of State denied the application for interim relief filed by the appellant, noting that “*the decree challenged seems in fact to introduce penalties to the damage of suppliers not provided for in the main measure but such excess is not a source of direct damage for the appellants*”.

Currently, we are waiting for the hearing on the merits before the Lazio Regional Administrative Court to be set.

11. SNAI S.p.A. (respondent) versus Società STANLEY INTERNATIONAL BETTING LIMITED et al. — Lazio Regional Administrative Court, Section II, Appeal no. 3381/2006 — annulment of Decree Prot. no. 2006/4249/GIOCHI/UD of the Ministry of Economy and Finance — AAMS of 7/2/2006 known as “removal of cases of remote supplying without authorisation of games, lotteries, bets or prediction competitions with cash winnings”

Response to the appeal filed by STANLEY INTERNATIONAL BETTING LIMITED for the annulment of Decree Prot. no. 2006/4249/GIOCHI/UD of 7/02/2006, known as “*removal of cases of remote supplying without authorisation of games, lotteries, bets or prediction competitions with cash winnings*” published in G.U.R.I. no. 36 dated 13/2/2006. In order no. 2624 dated 10/5/2006 the opposing party’s application for interim relief was denied.

STANLEY INTERNATIONAL BETTING LIMITED filed an appeal against that order before the Council of State (Section IV, Appeal no. 4894/2006). Following the Council Session on 26/7/2006, in order no. 4012/2006 dated 26/7/2006, the Council denied the application for interim relief filed by the appellant, noting that “*the decree challenged seems in fact to introduce penalties to the damage of suppliers not provided for in the main measure but such excess is not a source of direct damage for the appellants*”.

Currently, we are waiting for the hearing on the merits before the Lazio Regional Administrative Court to be set.

12. SNAI S.p.A. (intervener) versus ASSOPROVIDER Associazione Provider Indipendenti et al. — Lazio Regional Administrative Court, Section II, Appeal no. 3487/2006 — annulment of Decree Prot. no. 2006/4249/GIOCHI/UD of the Ministry of Economy and Finance — AAMS of 7/2/2006 known as “removal of cases of remote supplying without authorisation of games, lotteries, bets or prediction competitions with cash winnings”

Intervention in the appeal filed by Assoprovider for the annulment of Decree Prot. no. 2006/4249/GIOCHI/UD of 7/02/2006, known as “*removal of cases of remote supplying without authorisation of games, lotteries, bets or prediction competitions with cash winnings*” published in G.U.R.I. no. 36 dated 13/2/2006. With additional grounds filed on 13/6/2006, Assoprovider further requested the annulment of the Decree by the General Manager of the AAMS regarding “*terms for application of Art. 1, paragraphs 535, 536, 537 and 538 of the law of 23 December 2005 (2006 budget act) on the subject of the unauthorised remote supplying of games, lotteries, bets or prediction competitions with winnings in cash*” published in G.U.R.I. no. 68 dated 22/3/2006. Following the Council Session on 10/5/2006 the application for interim relief by the appellant was abandoned and appropriate setting of the hearing on the merits was requested. Currently, we are waiting for the hearing on the merits to be set.

13. SNAI S.p.A. (nominal respondent) versus SICON SINDACATO IMPRESE CONCESSIONARIE et al. —Lazio Regional administrative court, section II, appeal no. 8861/2006 — challenging of bidding terms for games other than horseracing events

Response to the appeal filed by SICON SINDACATO IMPRESE CONCESSIONARIE for the annulment of the bidding terms for service contracts introduced by an order by the General Manager of the AAMS dated 28/8/2006 (GURI, part II, 28/8/2006, no. 199), for awarding a concession for the operation of public games on events other than horse races, as well as of all the appendices to the bidding terms. SNAI served a notice of intervention *ad opponendum* dated 10/10/2006. Following the Council Session on 11/10/2006, in order no. 5618/2006, the Regional Administrative Court denied the application for interim relief filed by the

appellant, maintaining that “*the appeal does not appear to be aided by actual damage of such significance as to justify the immediate staying of a tender proceeding for which the deadline for filing claims is still pending, wherefore, at present, the public interest in its respective carrying out prevails*”.

14. SNAI S.p.A. (nominal respondent) versus SICON SINDACATO IMPRESE CONCESSIONARIE et al. — Lazio Regional Administrative Court, Section II, Appeal no. 8862/2006 — challenging of bidding terms for horse-racing-based games

Response to the appeal filed by SICON SINDACATO IMPRESE CONCESSIONARIE for the annulment of the bidding terms for service contracts introduced by an order by the General Manager of the AAMS dated 28/8/2006 (GURI, part II, 28/8/2006, no. 199), for awarding a concession for the operation of horseracing-based public games, as well as of all the appendices to the bidding terms. SNAI served a notice of intervention *ad opponendum* dated 10/10/2006. Following the Council Session on 11/10/2006, in order no. 5617/2006, the Regional Administrative Court denied the application for interim relief filed by the appellant, maintaining that “*the appeal does not appear to be aided by actual damage of such significance as to justify the immediate staying of a tender proceeding for which the deadline for filing claims is still pending, wherefore, at present, the public interest in its respective carrying out prevails*”.

15. SNAI S.p.A. (nominal respondent) versus ROLANDO FERNANDO CHIANESE S.r.L. et al. — Lazio Regional Administrative Court, Section II, Appeal no. 8863/2006 — challenging of bidding terms for games on events other than horse races

Response to the appeal filed by ROLANDO FERNANDO CHIANESE for the annulment of the bidding terms for service contracts introduced by an order by the General Manager of the AAMS dated 28/8/2006 (GURI, part II, 28/8/2006, no. 199), for awarding a concession for the operation of public games on events other than horse races, as well as of all the appendices to the bidding terms. SNAI served a notice of intervention *ad opponendum* dated 10/10/2006. Following the Council Session on 11/10/2006, in order no. 5616/2006, the Regional Administrative Court denied the application for interim relief filed by the appellant, maintaining that “*the appeal does not appear to be aided by actual damage of such significance as to justify the immediate staying of a tender proceeding for which the deadline for filing claims is still pending, wherefore, at present, the public interest in its respective carrying out prevails*”.

16. SNAI S.p.A. (nominal respondent) versus ROLANDO FERNANDO CHIANESE S.r.L. et al. — Lazio Regional Administrative Court, Section II, Appeal no. 8864/2006 — challenging of the bidding terms for horseracing-based games

Response to the appeal filed by ROLANDO FERNANDO CHIANESE for the annulment of the bidding terms for service contracts introduced by an order by the General Manager of the AAMS dated 28/8/2006 (GURI, part II, 28/8/2006, no. 199), for awarding a concession for the operation of public horseracing-based games, as well as of all the appendices to the bidding terms. SNAI served a notice of intervention *ad opponendum* dated 10/10/2006. Following the Council Session on 11/10/2006, in order no. 5615/2006, the Regional Administrative Court denied the application for interim relief filed by the appellant, maintaining that “*the appeal does not appear to be aided by actual damage of such significance as to justify the immediate staying of a tender proceeding for which the deadline for filing claims is still pending, wherefore, at present, the public interest in its respective carrying out prevails*”.

17. SNAI S.p.A. (appellant) versus Municipality of Milan — Lombardy Regional Administrative Court, Milan branch, Section II, Appeal no. 458/2006 — challenge of the resolution by the Milan Municipal Council instituting the “Parco degli Ippodromi di San Siro”

Appeal filed against resolution no. 76 of 14 November 2005 by the Milan Municipal Council, providing for (i) instituting a new urban park known as “*Parco degli Ippodromi di San Siro*” (in which area the “*Quartiere Ippico di San Siro*” was included, comprised of the Trenno horseracing track and training track, owned by the company TRENNO S.p.A. together with SNAI S.p.A.), (ii) granting the area in question the protection provided for in the so-called Scenery Plan according to the provisions of Title II of Legislative Decree no. 490/1999 (now abrogated and replaced by Legislative Decree no. 42/2004), (iii) to include in that area the criteria for the exercise of the sub-delegation of administrative functions on the subject of safeguarding environmental assets and (iv) promoting the inclusion thereof in the Lombardy Regional Territorial Scenery Plan and in the Provincial Territorial Coordination Plan, so as to subject the area to protection for the high natural quality of the territory in question. We are currently waiting for the hearing on the merits to be set.

18. SNAI S.p.A. (appellant) versus Lombardy Region et al. — Lombardy Regional Administrative Court, Milan branch, Section II, Appeal no. 1375/2001 — transposition of the extraordinary appeal filed for the annulment of Regional Board resolution no. 7/818 of 3 August 2000 having as its purpose the approval of the South Milan Agricultural Regional Park Territorial Coordination Plan

Appeal originally filed in the form of an extraordinary appeal before the Head of State and subsequently transposed before the Lombardy Regional Administrative court. The action filed aims at obtaining the annulment of Regional Board resolution no. 7/818 of 3 August 2000 having as its purpose the approval of the South Milan Agricultural Regional Park Territorial Coordination Plan, where the “*Quartiere Ippico di San Siro*”, comprised of the Trenno racecourse and training track, owned by SNAI S.p.A. together with TRENNO S.p.A. is included. Currently, we are waiting for the hearing on the merits to be set.

Additional Proceedings to which SNAI S.p.A. is a party, including those originally attributable to Trenno S.p.A.

19. SOCIETÀ TRENNO S.p.A. (appellant) versus Amministrazione Autonoma Monopoli di Stato — Lazio Regional Administrative Court, Section II, no. 11599/04 — Racing Company consolidated reduction

Appeal filed for the annulment of the UNIRE letter Prot. no. 2004/0056847/CAM/U dated 24/8/2004 on the subject of *Reduction of the consolidated tax on horseracing bets*, and of any related document, and in particular of the AAMS letter related to it, Prot. no. 2004/38735/COA/UDC dated 9/7/2004 and of the AAMS letter Prot. no. 2004/49358/COA/SEC dated 3/9/2004 and the prospectus attached to it, as well as of AAMS letter Prot. no. 2004/53649/COA/SEC dated 29/9/2004 addressed to Federazione Ippodromi d’Italia, as well as of the interministerial decree of 11/6/2004 on the reduction of the consolidated on horseracing bets, if understood in the sense that the aforesaid reduction does not apply to Racing Companies. The appeal was original filed without an application for interim relief. With additional grounds served in April 2005, upon staying of the effectiveness, the annulment of the AAMS letters of 4/3/2005, Prot. Nos. 7037 and 7038, having as their purpose “*invitation for payment of differences for years 2003-2004,*” relative respectively to the Milan racecourse and the Montecatini racecourse, was requested.

In addition, a brief was prepared in view of the Council Session on 25/5/2005 for the discussion of the application for interim relief filed with additional grounds, rejected in order no. 2918/2006. With further additional grounds, the payment notices served on the Company in December 2005 and in February 2006 (regarding which more will be said below) were disputed, reiterating the application for interim relief that was rejected in order no. 849/2006. Following such rejection, the filing of two appeals before the Milan Provincial Tax Commission was decided.

Waiting for the hearing on the merits to be set.

20. SOCIETÀ TRENNO S.p.A. (appellant) versus Ministry of Cultural Assets and Activities et al. — Lombardy Regional Administrative Court, Milan branch, Section II, Appeal no. 621/2005 — challenge to the Quartiere Ippico San Siro being declared of historical and artistic interest

Appeal filed to request the annulment of (i) the ruling of 8 July 2004, whereby — on a proposal from the Milan Superintendency of Architectural Assets and Scenery — the Ministry of Cultural Assets and Activities declared the particularly significant historical interest of the buildings known as “*Quartiere Ippico di San Siro*” (comprised of the Trenno horseracing track and the training track, owned by the company TRENNO S.p.A. together with SNAI S.p.A.), as well as of (ii) the decree of 23 December 2004, whereby the same Ministry denied the hierarchical appeal filed by the said TRENNO S.p.A. Currently, we are waiting for the hearing on the merits to be set.

21. SOCIETÀ TRENNO S.p.A. (appellant) versus Municipality of Milan — Lombardy Regional Administrative Court, Milan branch, Section II, Appeal no. 459/2006 — challenge of the decision by the Milan Municipal Council instituting the “Parco degli Ippodromi di San Siro”

Appeal filed against decision no. 76 of 14 November 2005 by the Milan Municipal Council, providing for (i) instituting a new urban park known as “*Parco degli Ippodromi di San Siro*” (in the area of which the “*Quartiere Ippico di San Siro*” was inserted, comprised of the Trenno horceracing track and training track, owned by the company TRENNO S.p.A. together with SNAI S.p.A.), (ii) to grant the area in question the protection provided for in the so-called Scenery Plan according to the provided of Title II of Legislative Decree no. 490/1999 (now abrogated and replaced by Legislative Decree no. 42/2004), (iii) including in that area the criteria for exercising the sub-delegation of administrative functions on the subject of the protection of environmental assets and (iv) promoting the inclusion thereof in the Lombardy Regional Territorial Scenery Plan and in the Provincial Territorial Coordination Plan, so as to make the area subject to protection for the high natural quality of the territory in question. Currently, we are waiting for the hearing on the merits to be set.

22. Società TRENNO S.p.A. (appellant) versus Lombardy Region et al. — Lombardy Regional Administrative Court, Section II, Appeal no. 1377/2001 — transposition of the extraordinary appeal filed for annulment of Regional Board resolution no. 7/818 dated 3 August 2000 having as its purpose the approval of the South Milan Agricultural Regional Park Territorial Coordination Plan

Appeal originally filed in the form of a extraordinary appeal to the Head of State and subsequently transposed before the Lombardy Regional Administrative Court. The action filed aims at obtaining the annulment of Regional Board resolution no. 7/818 of 3 August 2000 having as its purpose the approval of the South Milan Agricultural Regional Park Territorial Coordination Plan, in which the “*Quartiere Ippico di San Siro*,” comprised of the Trenno horceracing track and training track, owned by the company TRENNO

S.p.A., together with SNAI S.p.A., was included. Currently we are waiting for the hearing on the merits to be set.

23. Società TRENNO S.p.A. versus Società Turin Carta s.r.l. et al. — Tuscany Regional Administrative Court, Section II, Appeal no. 2078/2004 — annulment of the order for area waste removal and reclamation

Response to the appeal filed by Turin Carta s.r.l. (supplier to TRENNO S.p.A. of rubber and plastic granulate as an additive to the sand on the training track at the Sesana di Montecatini Terme racecourse) against the order issued by the Mayor of Montecatini Terme — against Turin Carta s.r.l. — for removal, drainage and remediation of a contaminating deposit of granulate made in the Sesana racecourse areas owned by TRENNO S.p.A. The appeal was declared unfitting in judgement no. 672/2006, i.e., insofar as, *medio tempore*, TRENNO S.p.A. itself, as owner of the contaminated area, complied with carrying out the required removal, drainage and remediation operations.

Also to be mentioned in connection with this matter are the preliminary inquiries conducted by the Pistoia Public Prosecutor's Office due to the possible offense of unauthorised waste management activities. Such inquiries were also started up against the legal representative of TRENNO S.p.A. and have currently been extended until 18 December 2006 (by a ruling this past 8th of May).

Proceedings to which Teleippica S.r.L. is a party

24. TELEIPPICA S.r.L. Unipersonale (nominal respondent) versus FEDERIPPODROMI et al. — Lazio Regional Administrative Court, Section III ter, Appeal no. 11911/2003 — television signal tender

Response to the appeal filed for the annulment of the bidding terms introduced by the UNIRE for a public auction for the awarding of the service of transmission, preparation and broadcasting of audio and video signals coming from Italian and foreign racecourses and optional service, if expressly requested by the UNIRE, of television replays of races at the racecourses, the respective tender contract and all the other instruments and documents related to it, as well as of the UNIRE Secretary General determination no. 900 dated 5/8/2003 for introducing the aforesaid contract tender and of any other possible instrument and/or measures in any way connected to or consequent upon the aforesaid. Following the additional grounds put forth by FEDERIPPODROMI, a response was also made to the request for annulment of the UNIRE Secretary General determination no. 2822 of 23/2/2005, whereby the awarding of the said tender to TELEIPPICA was provided for, as well as of minutes no. 9 regarding the session held by the tender committee on 10/2/2005. At the Council Session on 9/6/2006, the opposing party requested that discussion of the application for interim relief be combined with discussion of the merits. Waiting for the hearing on the merits to be set.

25. TELEIPPICA S.r.L. Unipersonale (counterappellant) versus EUROTELEVISION S.p.A. — Lazio Regional Administrative Court, Section III ter, Appeal no. 5183/2003 — television signal tender

Response to the appeal (devoid of an application for interim relief) filed for the annulment of the UNIRE Secretary General determination no. 2822 of 2/23/2005 on the subject of “*approval of the tender for awarding the service of transportation, preparation and transmission of video and audio signals coming from Italian and foreign racecourses pursuant to Legislative Decree no. 1577/1995*”, which proceeded to

award the above-mentioned tender to TELEIPPICA. In the interest of TELEIPPICA, a counterappeal was filed for the annulment of minutes no. 7 of the Public Auction for the awarding of the same service, as well as its approval, in the part where, although it found that “*the bid by the consortium EURO TELEVISION S.p.A./VIDEOPIU’ S.r.L. is, of course, of inferior importance compared to the other two, considering the lack of fine-tuning and project specifics that entail gaps and uncertainties also in terms of continuity and reliability both from the technical as well as from the organisational standpoint*”, it did not exclude it or, subsidiarily, it did not attribute a score of 0 (zero) to it for the “continuity” and “reliability” items, both in terms of the technical value of the bid as well as for organisation, as well as for annulment of the tender *lex specialis*, if understood in the sense that a technical bid characterised by gaps and uncertainty such as the one by EUROTELEVISION could be admitted or, more subsidiarily still, if understood in the sense that a technical bid characterised by gaps and uncertainties such as the one by EUROTELEVISION could obtain a score greater than 0 (zero) for the “continuity” and “reliability” items both due to the technical value of the bid as well as for organisation.

Waiting for the hearing on the merits to be set.

Tax Litigation

Listed below are the main proceedings on tax matters involving SNAI, including those originally referring to Trenno S.p.A.

1. SOCIETÀ TRENNO S.p.A. (appellant) versus AAMS et al. — Milan Tax Commission, Section 31, R.G. no. 3679/06 — reduction of consolidated — notice 12/05

Appeal for the annulment of payment notice no. 06820050412787314000, served on 13/12/2005, of notice of the entry on the record made by the Amministrazione Autonoma Monopoli di Stato — Milan District Inspectorate of the overall amount of EUR 520,821.98 allegedly owed for the higher withholding rate referred to in Ministerial Decree of 15/02/1999, with regard to bets accepted during the period from 1/01/2003 to 30/06/04 at the San Siro Racecourse (Milan).

On 5/05/2006, the Council Session was held for discussion of the application for interim relief, granted in order 33/31/2006, where the Panel noted that “*the claims made by the appellant in their present condition do not appear to be devoid of merit and such as to constitute the “fumus” required for the adoption of the measure of suspension*” and, accordingly, it stayed the effects of the payment notice challenged. The hearing on the merits was held this past 6/10/2006. We are waiting for publication of the judgement.

2. SOCIETÀ TRENNO S.p.A. (appellant) versus AAMS et al. — Milan Tax Commission, Section 31, R.G. no. 3678/06 — reduction of consolidated — notice 2/06

Appeal for the annulment of payment notice no. 06820050431461916000, served on 9 February 2006, with notice of the entry on the record made by the Amministrazione Autonoma Monopoli di Stato — Milan District Inspectorate of the overall amount of EUR 119,075.59 allegedly owed for the higher withholding rate referred to in the Ministerial Decree of 15/02/1999, with regard to bets accepted during the period from 1/01/2003 to 30/06/04 at the San Siro Racecourse (Milan).

On 5/05/2006, the Council Session was held for discussion of the application for interim relief, granted in order 32/31/2006, where the Panel noted that “*the claims made by the appellant in their present condition do not appear to be devoid of merit and such as to constitute the “fumus” required for the adoption of the*

measure of suspension”⁴⁴ and, accordingly, it stayed the effects of the payment notice challenged. The hearing on the merits was held this past 6/10/2006. We are waiting for publication of the judgement.

Following acceptance of the relief, to date there are no additional ascertainties and disputes with the Treasury that could give rise to new allocations to reserves.

For direct and indirect taxes, the tax years up to 1999 are determined for income tax purposes and the tax years up to 2000 for VAT purposes.

In addition to the proceedings mentioned above, it is noted that judicial proceedings on tax matters are pending, particularly with regard to mortgage tax, on the subject of settlement notices in the maximum amount of EUR 2,600,000.

Notwithstanding the foregoing, the directors believe that all such proceedings are unfounded and therefore consider the possibility that these could lead to a liability for SNAI in the future as remote, for which reason the Company has not set aside any contingency reserves for the time being.

With reference to the disputes in existence between the former subsidiary Trenno and the INPS (National Institute of Social Insurance), we set forth the following.

Former subsidiary Trenno’s debt to the INPS derives from a dispute previously brought by the institution against the company, for purposes of obtaining significant amounts of insurance contributions deriving from erroneous classification of some relationships relative to work services provided to Trenno. Following notice to the company of the order for collection of EUR 4.7 million as tax debt and additional sums, in order to obtain a delay in payment, it requested that the competent INPS office in Milan delay payment of the principal for a period of 36 months, postponing possible settlement of the penalties and interest on the order, while awaiting recalculation of the amount of such charges by the INPS.

With regard to the dispute between Trenno and the Florence INPS, it is noted that in the past Trenno had obtained restitution of the relief charges, plus the respective interest, made in previous years, making reservation of recovery by the same entity in case of a favourable outcome on the disputes arising. Nevertheless, after having paid the aforesaid amount, the INPS claimed restitution of the share of the interest deemed unduly paid. Trenno, maintaining that the entity’s requests were unfounded, considered it expedient to go before a judge for him to rule on the merits. Such judge on the first instance denied the appellant’s requests. On the date of this Prospectus, the deadlines for filing an appeal are pending.

Out of prudence, the company has in any case made an allocation to the contingency reserve equal to the amount requested by the INPS.

On account of the settlement stipulated with the Pistoia INPS regarding all the disputes arising in previous years and deriving from Trenno’s failure to pay the contributions on the compensation assigned to totaliser and miscellaneous services employees at the Montecatini Racecourse, the said company paid the INPS an amount equal to EUR 520,000 in resolution of all the disputes.

20.9 Significant changes in the Company’s financial or business standing

After 31 March 2006, no significant changes have occurred in the Company’s financial or business condition, with the exception of those deriving from the Acquisition described in detail in the Information

Document (see Chapters 2, paragraphs 2.1.3 and 2.1.4, 4 and 5 of the Information Document) and in Chapter XXII of this Prospectus.

XXI. ADDITIONAL INFORMATION

21.1 Share Capital

21.1.1 Subscribed and Approved Share Capital

The number of Shares issued by the Company (55,106,125 ordinary shares) and their par value (EUR 0.52 per Share) have not undergone variations since the 31 December 2005, except that 162,945 Shares were converted during the incorporation of Trenno into SNAI (see Section I, Chapter 5.1.5 a) sub Par. “Merger by incorporation of Trenno with SNAI”).

The Capital Increase previously initiated by the Board of Directors was justifiable because of the Company’s financial requirements in relation to the Company’s and SNAI Group’s new strategy.

This centered on SNAI’s becoming a licensee to collect bets and manage games in general, together with the Company’s core business of service provider already carried out by SNAI.

In order to implement the activities set out in the strategic guidelines, the extraordinary meeting held by the Company on 18 October 2005 conferred upon the Board of Directors, pursuant to Art. 2443 of the Civil Code, authority to increase the share capital at one or more times within five years from 18 October 2005, for a maximum nominal value of EUR 14,285,226.80, by issuing a maximum number of 27,471,590 ordinary shares with a nominal unitary value of EUR 0.52.

To raise the funds needed for the Acquisition and extinguish the balance of previous financing agreements, amongst which the Consolidation Agreement, and increase its working capital, the Company stipulated two related financing agreements, the Senior Loan Agreement and the Junior Loan Agreement.

In particular, the Senior Loan Agreement stipulates that the Company has the option to repay the Senior Loan before maturity only as of the third year and against payment of some costs and a commission on the early repayment of 2% of the amount repaid for the third year and 1% of the amount of early repayment for the fourth year. Any early repayments after the third year will be subject solely to specific costs but not to a commission.

However, according to provisions in Clause 7.6.1 of the Senior Loan Agreement, the Company may repay Tranche A before maturity during the first year — and pay only specific costs but not commissions — if the resources for said repayment derive from a capital increase for the Company of at least EUR 100 million executed within 210 days of the date of the first issue according to provisions in the Senior Loan Agreement.

On 19 June 2006 the Board of Directors of the Company resolved, among other things, to proceed with a capital increase in order to find resources to finance the objectives set out in the strategic guidelines and at the same time benefit from the above-mentioned option to repay Tranche A, before maturity, of the financing paid out on the basis of the Senior Loan Agreement.

On 27 June 2006 the Company therefore applied to Consob for authorisation to publish the Prospectus pertaining to the aforementioned capital increase, thus setting in motion the preliminary procedure.

However, when the Bersani Decree was issued, Italy began a procedure to, among other things, liberalise the games and betting sector, as described in greater detail in Section I, Chapter 6.1.1 b).

Because of the changes to the pertinent regulations new opportunities for investment opened up for the Company that required further financial resources and therefore significantly affected the Group's strategic guidelines, making it necessary to revise them.

Therefore, since the resources that would be acquired by means of the capital increase would not be sufficient to wholly cover the Company's new requirements, on 26 July 2006 it formally withdrew its request to Consob for the authorisation to publish the aforementioned Prospectus and informed that Authority that it intended to postpone presenting a new application in connection with a capital increase that would take into account the Company's new financial requirements. It being understood, as described above, the proxy previously conferred by the Meeting of 18 October 2005 was shown to be inadequate in regard to the Company's altered financial requirements inasmuch as it was not inclusive enough.

Therefore, on 9 August 2006 the Board of Directors resolved to call the Company's Extraordinary Meeting again so that it could deliberate on conferring a new proxy to the Board that would take into account the aforementioned requirements.

On 14 September 2006, before revoking the previous proxy, the Extraordinary Meeting resolved to confer the Board of Directors with a new proxy pursuant to Art. 2443 of the Civil Code, to increase the increase in paid share capital, with the option of deciding on each occasion if the increase should be separable or inseparable, once or several times and within five years of the date of the Meeting's resolution, for a maximum of nominal EUR 52,000,00 and therefore up to maximum nominal amount of EUR 80.570.453,60, by issuing a maximum of no. 100.000.000 ordinary shares with a nominal unitary value of EUR 0.52.

The Board of Directors at SNAI, in the meeting held on 26 October 2006, partially exercising the proxy conferred upon it pursuant to Art. 2443 of the Civil Code by the Shareholders Extraordinary Meeting held on 14 September 2006, resolved to increase the share capital, separately, for an aggregate amount of maximum EUR 250 million, including a premium, by issuing shares to be offered as options to its shareholders.

On 30 November 2006 the Board of Directors resolved: (i) to issue a maximum number of 61,718,860 ordinary shares; (ii) to establish the price in EUR 4.05 for each Share; (iii) to offer newly-issued Shares in option to holders of SNAI Shares at a ratio of 28 Shares for every 25 Shares owned.

The above-mentioned resolutions of the Board of Directors were (i) recorded in the Register of Businesses in Lucca on 3 October 2006, as to the first and (ii) expected to be recorded on 4 December 2006.

21.1.2 Shares Not Representative of the Capital

There are no categories of shares other than ordinary shares, nor are there shares that are not representative of the Company's share Capital.

21.1.3 Treasury Shares

At the date of this Prospectus the Company does not hold Treasury Shares either directly or indirectly through subsidiaries, trust companies, intermediaries or other third parties on its behalf.

There are no Meeting authorisations to purchase Treasury Shares.

21.1.4 Convertible or Warrant Bonds

At the date of this Prospectus the Company has not issued convertible, swap, or warrant bonds.

21.1.5 Purchase Rights or Obligations on Capital Approved but not Issued. Commitments Towards the Capital Increase

At the date of this Prospectus there are no purchase rights or obligations in relation to capital approved but not issued by the Company, nor has the Company made any commitments to increase its Share Capital, with the exception of the newly issued shares for the conversion with Trenno shares following the incorporation of the Trenno company with SNAI. At this point in time we foresee an issue of no. 162.945 new shares with a par value of EUR 0.52, in observance of the incorporation project registered with the offices of the Register of Businesses in Lucca and Milan on 21 June 2006.

21.1.6 Information about the Share Capital of Companies in the Company's Group

At the date of this Prospectus options are not offered on any portion of the share capital of any of the companies in the Group, nor has any resolution been taken by their administrative bodies to offer options, conditionally or unconditionally, on the capital of companies in the Group.

On 21 July 2005 Teleippica S.r.L., an associated company of SNAI for 19.5%, increased its capital from EUR 540.000 to EUR 2.540.000 offered to shareholders as options; the shareholders subscribed to the increase in proportion to their individual holdings in the company.

21.1.7 Evolution of the Share Capital

In the last three years the Company has not made any increases to its Share Capital, with the exception of the Capital Increase that is the purpose of this Prospectus.

21.2 Company's Memorandum of Association and By-laws

21.2.1 Corporate Purpose

Following the amendment to the Company's corporate purpose, pursuant to Art. 2 of the Company's By-laws, deliberated by the Extraordinary Shareholders' Meeting held on 2 August 2005, the following activities constitute the Company's corporate purpose:

- purchase, build, and organise buildings to be used as horse-race tracks, breeding turfs, and activities and services related to suchlike, as well as organise and operate galloping and trotting races and events and shows having to do with horses in general; also for the purpose of encouraging the horseracing industry and improving and augmenting the production of horse breeds in Italy, the Company may also farm lands not set aside for race tracks;
- promote and develop real-estate operations, including construction in general, buying and selling, swapping, dividing into lots, loaning and managing, renting, hiring, leasing, building management, work and installations belonging to the Company;
- acquire stakes (not for investment purposes) or profit sharing in other enterprises, companies, consortiums and entities in general, incorporated or to be incorporated, both in Italy and abroad, connected or instrumental to achieving the corporate purpose (including entities that run informatics enterprises, especially in the Horseracing and Sports sector in general, by any technical means possible such as the publishing industry, radio-telephony, television and any other multi-media vehicle, excluding none) that is within the limits of Art. 2361 of the Civil Code, and the financing and technical, administrative and financial coordination of the same;

- acquiring, organising, running, managing and/or accepting, with its own means or those of third parties, with regular grants, authorisations and licences from the State and/or the competent authorities, bets of any type and description, of guessing contests, lotteries and games however named by any means available through technology and current regulations and related instrumental activities, as well as providing services to entities, associations, companies, natural persons who operate in the competitions, games, tournaments and suchlike sectors; collecting and/or accepting bets of all types and descriptions; running games on machines and automatic, semi-automatic and electronic devices for entertainment and games of skill, including electronic equipment for entertainment, automatic vending machines, video games and leasing similar equipment;
- managing, organising, promoting, divulging sports events, competitions, tournaments, games, gaming events, performances and spectacles of all kinds, including planning, purchasing and implementing and managing the structures, and issuing and selling tickets to the events and selling tangible and intangible assets and services in connection with the same, including retail sales of promotional products and articles in merchandising in connection with the world of sport and betting;
- installing, leasing, actuating, managing, using, selling and suchlike, in Italy and abroad, of telecommunications and screen-based networks for providing the services described in the different letters of this article and related and instrumental activities;
- organizing and operating telephone, informatics and electronic services for third parties, call centers, electronic switchboards, help desks and suchlike, including gathering and developing data, formulas and suchlike that are related or instrumental to executing the activities and providing the services described in this article electronically;
- studying, planning, implementing, realising, producing, assembling, promoting, selling and tendering; providing assistance and maintenance for equipment, products, fittings, electronic and informatics technology, software, telephone systems and products, electronic posters and other instruments necessary or useful for operating, managing, realizing, and organizing Betting Shops for goods and/or services in connection with the activities described in the preceding letters as well as training personnel assigned to said products and services;
- organising and managing advertising campaigns; studying, developing, realizing, selling and buying commercials, organising and managing external relations also on behalf of and for third parties, in connection with the activities in the preceding letters;
- carrying out all the activities in connection to and akin to the Company's, including promoting and carrying out market studies and research, also in the new electronic formats, as well as organizing training and/or continuing education, seminars, meetings and suchlike in connection with the material and immaterial goods and services, limited to those described in the preceding letters.

The Company may also carry out any other activity entrusted to it by grantor administrations in connection with services or activities for which the Company has obtained regular authorisations, licences or franchises. The Company may carry out activities in connection with, instrumental or accessory to, Horseracing and Sports, including television, publishing, radio telephony and multimedia activities generally, in compliance with current regulations. The Company, in order to achieve its corporate purpose, may rent out its business enterprise or lines thereof; it may also rent companies or lines of third-party companies whose activities are

similar to its own. The Company may also, moreover, foster the establishment of enterprises, companies, consortiums and entities in general.

The Company may also carry out all necessary or useful activities in order to achieve its corporate purpose, and therefore business, industrial and financial, equity and real estate operations including granting collateral securities and/or personal guaranties released in the interest of the Company for its own or third-party obligations, with the exclusion of whatsoever activity with the public. These activities must be carried out within the limits and according to the regulations that apply to said operations as well as in accordance with regulations that apply to activities limited to professionals who are registered with boards, associations or professional registers. Particularly, activities of a financial nature must be carried out in compliance with applicable current laws. In any event, providing investment services and collecting savings from the public are expressly excluded from the Company's Corporate Purpose other than within the limits permitted by law, including providing financial services to the public that are the exclusive province of financial advisors.

21.2.2 Summary of the Directives in the Company's By-laws for the Members of the Board of Directors and the Board of Statutory Auditors

The directives for members of the Board of Directors are laid down in Chapter IV of the Company's By-laws, and in particular in Articles 14 to 20.

The Board of Directors is invested with full powers for the ordinary and extraordinary Company management. The Board of Directors is also authorised to incorporate, establish or eliminate branch offices, reduce the capital if a partner withdraws, amend the Company's By-laws to comply with regulations and transfer the Head Office on national territory, in cases where this is permitted by law. The Board of Directors, on the basis of information it receives, assesses the adequacy of the Company's organisational, administrative and accounting structure; when strategic, industrial and financial plans for the Company have been developed the Board examines them; it assesses management performance in general also on the basis of reports from the bodies who prepare them, if such bodies have been nominated.

The Board of Directors is composed of a number of members that varies from five to thirteen. The Meeting decides on the number of Members before the nominating procedure takes place. Currently there are nine members on the Board of Directors. At the date of this Prospectus none of the Directors on the Board has the requirements for independence set forth in the Code of Corporate Governance and by Art. 148, Para. 3 of the Consolidated Finance Act.

No provision is made for systems of: (i) vote of list to nominate Directors; (ii) variable remuneration of Directors in connection to efforts on behalf of Company performance or specific objectives. The Board of Directors has not at this time drawn up an internal constitution or a committee to nominate members to the Board of Directors, or a committee for the remuneration of its members, given the specificity of members' activities and the size of the Company and the Board. We also point out that an internal audit has not been set up.

Pursuant to Art. 14 of the Company's By-laws, unless a shorter term is established by the Meeting at the time of a nomination, members of the Board of Directors hold office for three corporate years and their office expires on the date the Meeting is called to approve the statement for the last year they held office. The current members of the Board of Directors will remain in office until the date the Meeting is called to approve the financial statement for the year ending on 31 December 2007. Directors may be appointed.

If, during the year, one or more of the Directors is absent, provision is made pursuant to Art. 2386 of the Civil Code. If, due to resignations or any other cause, a majority of the Board of Directors resigns, the entire Board will be considered as having resigned and meeting must be called immediately by the Chairman of the Board of Statutory Auditors or by one of the Directors still holding office who, in the meantime, may execute ordinary administrative tasks. Directors nominated during a corporate year expire in any case at the same time as the Directors who are already in office at the time of their nomination.

The Board of Directors elects a Chairman among its members and if required, a Deputy Chairman who acts in his stead in case of impediment. The Chairman of the Board of Directors, or in case of impediment, the Vice Chairman:

- (a) is legally authorised to represent the Company and also has the power to sign on behalf of the Company (any Delegate Directors also have these powers within the limits assigned to them. At this time no Delegate Directors have been nominated);
- (b) calls and chairs the Board of Directors, draws up the agenda for the meeting and ensures that the Directors receive adequate information on the topics for discussion; furthermore he coordinates work during the meeting, verifies the composition and ascertains the identities and legitimization of the members participating, and the outcome of voting.
- (c) chairs General and Extraordinary meetings.

With the exception of those functions that according to law may not be delegated, the Board of Directors may delegate its functions to an Executive Committee (which to date has not been established) composed of some of its members, which the Chairman of the Board of Directors, and where nominated, the Deputy Chairman and any Delegate Directors, are by rights part of. Furthermore, the Board of Directors may delegate its functions to one or more of its components who, in that case, take the title of Managing Director.

The Board of Directors determines the powers of the delegate bodies and their content and limits and method of exercising the delegation of powers; it can always give orders to delegated bodies and reserve for itself operations that are included in the delegation. The delegated bodies ensure that the Company's organisational, administrative and accounting structure is commensurate with the size of the enterprise and report at least every three months to the Board of Directors and the Board of Statutory Auditors on Management's general performance and foreseeable future course of action, as well as on any major operations and their size or characteristics, that the Company or, if there are any, its subsidiaries, have carried out.

At the date of this Prospectus the Board of Directors has not appointed a Managing Director.

The Board of Directors is also authorised to appoint a General Manager and define his tasks, among which the obligation to participate in the Board of Directors' meetings and to determine his remuneration, as well as powers of attorney for certain deeds or categories of deeds and special warrants of attorney, and determine their relative functions. At the date of this Prospectus the Company's Board of Directors has appointed Mr. Luciano Garza to the position of General Manager.

The Board of Directors reports to the Board of Statutory Auditors at least quarterly on activities and major economic, financial, and corporate asset operations carried out by the Company or its subsidiaries; in particular, on operations that involve potential conflicts of interest.

The directives for members of the Board of Statutory Auditors are in Chapter IV of the Company's By-laws, and precisely in Articles 22 and 23 of the Company's By-laws.

The Board of Statutory Auditors is entrusted with supervising compliance with the law and the Company's By-laws, observance of the Principles of Proper Corporate Management and especially, the adequacy and proper functioning of the organisational, administrative and accounting structure adopted by the Company. The Company's Board of Statutory Auditors, since SNAI is an Company with listed shares, does not carry out accounting controls, which are carried out by external auditors (currently, KPMG S.p.A.).

The Board of Statutory Auditors has three Regular Members and two Deputy Members who hold office for three corporate years that expire on the date the Shareholders Meeting is held to approve the financial statement for the third corporate year, effective as of when the Board is formed, and they can be re-elected.

Art. 23 of the By-laws stipulates that the Board of Statutory Auditors is nominated on the basis of lists, with statements from the candidates attesting that they have the professionalism and reputation required by law.

To allow the shareholders who represent 3% of the capital with voting rights either alone or with others, in the General Meeting to participate in nominating the Board of Statutory Auditors as provided for in the Code of Practice for Listed Companies, the shareholders must deposit the registers where the candidates are listed by progressive numbers at least ten days before the date given in the notice convening a shareholders' meeting. Each shareholder may not present or vote more than one list, either through a third party, subsidiary, or through another shareholder who belongs to the same company group.

The office of Regular Statutory Auditor is incompatible with the execution of analogous assignments in more than five other listed companies, with the exclusion of Company subsidiaries pursuant to Art. 2359 of the Civil Code. Without prejudice to the above we point out that currently the Company's By-laws stipulate that the auditors must have the professionalism and reputation specified by current regulations. However, at the date of this Prospectus the Company's By-laws do not specify the subjects and sectors of activity that are directly related to SNAI business activities. The Company's By-laws will be integrated with an amendment to that effect by the date when the current Board of Statutory Auditors expires.

From the list that obtained the most votes in the Meeting, two regular members and one deputy member are chosen in the order in which they are listed in the sections in the list, while the remaining regular member and the remaining deputy member are taken, in the order in which they are listed in the section of the list, from the list that obtained the second most votes in the Meeting. The first candidate in the list who obtains the most votes in the Meeting becomes Chairman of the Board of Statutory Auditors.

Even in the event that one of the auditors resigns from his/her office ahead of time and one of them lapses due to a supervening lack of the requisites provided for in current regulations and the Company's By-laws, special mechanisms are in place to ensure that minority shareholders continue to be adequately represented in the Board of Statutory Auditors.

With a resolution on 17 May 2005 the Board of Directors at SNAI re-formed the Internal Control Committee, composed of Directors Andrea Siano (President), Alberto Lucchi and Paolo Rossi. In carrying out its tasks, the Internal Control Committee monitors the internal auditing system which is designed to include all company functions, to assess, together with the other bodies for corporate controls such as the Internal Control Committee and the Auditors, whether reasonable assurance exists as to the efficacy and

efficiency of Company operations, the reliability of the financial information, compliance with current regulations, and safeguards for Company assets.

21.2.3 Rights, Privileges and Restrictions in Connection with each Class of Shares

At the date of this Prospectus all shares of the Company are ordinary shares of the same class and confer the same rights.

21.2.4 Procedure for Amendment to Shareholders' Rights

In the Company's By-laws there are no directives for special conditions for the amendment of Shareholders' rights other than those provided for under the by law.

21.2.5 Procedure for Calling the Shareholders Meeting and Conditions for Admission

The directives regulating procedures for calling meetings are in Chapter III of the Company's By-laws, and in particular in Articles 9 to 13.

- (i) the meeting, whether general or extraordinary, is called according to current regulations and may be held on national territory including outside the Head Office or also, if abroad, in another Member State of the European Union;
- (ii) the governing body calls the meeting in an General Meeting within one hundred and twenty days of the end of the corporate year end or within one hundred and eighty days, should the Company be obligated to draw up the financial consolidated statement or when special exigencies related to the Company's structure and Corporate Purpose require one;
- (iii) the notice calling a Shareholders' meeting, which may also include a second date for the meeting, must be published in the Official Gazette of the Italian Republic or alternatively, in the daily newspaper *Il Corriere della Sera*, within the time limit laid down by law;
- (iv) the Extraordinary Meeting may also be called a third time according to current law.

Pursuant to Art. 9 in the By-laws, shareholders with voting rights who have deposited their shares at least two days prior to the date of the Meeting to be held at the Company's Head Office, and credit institutes or other entities according to law mentioned in the notice calling a meeting, may attend the Meeting. Deposit of dematerialized shares is substituted by the communication pursuant to Art. 370, Para. 2 of the Civil Code.

21.2.6 Directives in the Company's By-laws that may give rise to delaying, postponing or impeding an amendment to the Company's Control Structure

The Company's By-laws do not contain directives that could give rise to delaying, postponing or preventing an amendment to the Company's Control Structure.

21.2.7 Directives in the Company's By-laws that regulate the ownership threshold in excess of which it is mandatory to give notice of owned shareholding

The Company's By-laws do not contain special directives that regulate an ownership threshold for the Company's share capital in excess of which it is mandatory to inform the public of owned shareholding.

In regard to the obligation to give notice of owned shareholding it is therefore necessary to refer to the legal directives (Art. 120 of the TUF (Uniform Financial Code and its regulations)).

21.2.8 Pre-determined Provisions in the Company's Memorandum and By-laws for a Change in Share Capital

The Company's By-laws do not include provisions for changes in share capital that are more limiting than those provided by the law.

XXII. MATERIAL AGREEMENTS

Consolidation Agreement

On 20 February 2003 the Company and its parent company SNAI Servizi, together with their Advisors, entered into a consolidation agreement with a pool of lending banks (Monte dei Paschi di Siena S.p.A., Cassa di Risparmio di Lucca S.p.A., UniCredito Italiano S.p.A., BNL S.p.A., Cassa di Risparmio di Volterra S.p.A., Banco di Sicilia S.p.A., Banca Popolare di Milano S.c.a.r.l., Banca Popolare di Lodi S.c.a.r.l., S. Paolo IMI S.p.A., Banca di Roma S.p.A.) for Gruppo SNAI's indebtedness with the Banks, effective until 31 December 2009, with the possibility, at the discretion of the Banks, of extending, under certain conditions, the maturity date for repayment of the residual consolidated debt for a further 36 months, or until 31 December 2012.

The Consolidation Agreement was in the context of the program begun by SNAI in 2002/2004 to balance its accounts and was meant to support that program by consolidating the indebtedness of SNAI Group companies with Banks (with the exclusion of some lines of credit which were kept operative) in the medium-long term. At the date the Consolidation Agreement was stipulated, SNAI Group's total indebtedness with Banks amounted to EUR 52,627,779.64.

Pursuant to the Consolidation Agreement, the applicable consolidation rate was calculated on the ask rate for 6-month Euribor (on a 360-day basis) plus 1.50%, recalculated and capitalised every six months. Under the terms of the Consolidation Agreement, the debt must be repaid in deferred semi-annual installments with variable capital as specified in the Consolidation Agreement, as well as interest accrued at the consolidation rate which is applicable for the six months of reference.

At the date of this Prospectus the consolidated debt has been totally repaid by SNAI using liquidity obtained with the financing.

Option Contracts and Management Contracts

The Acquisition led to SNAI buying 450 business units, sold to the Company by 286 Former Licence-Holders who previously collected and accepted horseracing bets and/or sports bets under Historic Horseracing Licences, and Ordinary Horseracing and Sports Licences in their name at their own betting shops.

With reference to each agency included in the Acquisition, a distinction is made between two business branches, the first strictly referring to ownership of the license and consisting: (a) of the business license to collect Horseracing and Sports bets; (b) debts specifically defined in the Option Contract; (c) the business set up autonomously attributable to this first business unit; and (d) some contracts ("Business Unit"); the second Business Unit is instead strictly related to managing the agency's accessory businesses and consists of contracts related to buildings, instrumental goods and personnel to carry out said accessory services ("Business Agency").

Each of the Business Units that SNAI acquired from the Former Licence-Holders includes:

- (v) title to a Historic Horseracing license, that is, an Ordinary Horseracing and Sports license, the details of which are set forth in Appendix 2 of the Information Document;

- (vi) business goodwill, intended not only as a composite of clients and business image but also in terms of locations on the territory which are qualified to generate a certain number of bets and, therefore, likely to develop a certain amount of business for SNAI;
- (vii) contracts for supplying electronic, telephony and logistical services necessary in order to accept bets by telephone and electronic means, among which, especially, the contract between the Owner and Festa S.r.L. for Festa S.r.L. to provide the service called “Play Sport”, or “SNAI card” to accept bets by telephone and electronic means, and the contracts between the Former Licence-Holder and people who place bets by implementing and managing a c.d. “Conto Personale di Gioco Infruttifero” (“Personal Non-interest-bearing Account”);
- (viii) debts described in detail in Index 2 of the Option Contract, among which debts for consolidated, debts with the UNIRE and AAMS, debts with players and debts for electronic, telephone and logistical services required to provide telephone and electronic acceptance of bets at Business Units with Horseracing Licences; debts for consolidated, debts with CONI, debts with players, debts with AAMS and debts for electronic, telephone and logistical services required to provide telephone and electronic acceptance of bets at Business Units with Sports licences.

SNAI therefore currently owns 450 Business Units for a total of 450 licences, of which 134 Historic Horseracing Licences, 98 Ordinary Horseracing Licences and 218 Sports Licences included in the Business Units themselves that, without prejudice to stipulations in the warning “Risks connected to regulating the Games and Bets sector”, expire in 2011.

At completion of the Acquisition the Agency Branches continued to belong to the Former Licence-Holders, whereas the Business Units were transferred to SNAI. The result is that, pursuant to Art. 2112 of the Civil Code on employees preserving their rights in the event of a business being transferred, the agency employees who were part of the autonomous Business Unit, that is, the Agency Branch, continued to be employed by the Former Licence-Holder. Indeed, the Agency Branch can be considered a functionally independent Business Unit consisting of an organised composite of goods and qualified personnel reporting to the Former Licence-Holder, and by means of which the latter is able to carry out the business activities for SNAI described in the Management Contract, which is described in greater detail in the rest of this paragraph. Because, furthermore, the Former Licence-Holders have agreed to carry out the business described in the Management Contracts for SNAI, and that business requires specific personnel, it seems reasonable to believe that job levels will not fall in the Agency Units.

Overall the operation stipulated that SNAI would collect and accept bets using the structure, know-how and professionalism of the Former Licence-Holders on the basis of appropriate contractual relationships, thereby exercising its prerogative pursuant to Art. 14-*ter* of the Competition Decree that provides that a licensee may use a third party to collect and accept Horseracing and Sports bets.

In the context of the Acquisition SNAI therefore stipulated with each of the Former Licence-Holders:

- (i) an Options Contract to transfer a business, with which each Former Licence-Holder granted SNAI an option right to buy its own Business Unit as laid down in Art. 1331 of the Civil Code. (the “Option Contract”); is
- (ii) a Management Contract with which SNAI, which became owner of the Horseracing or Sports license belonging to the Business Unit, agreed to use the Agency Branch which

remained the property of the Former Licence-Holder to carry out the business covered in the licences, and the Former Licence-Holder agreed to use its own Agency Branch to carry out that business exclusively for SNAI (the “Management Contract”).

The Option Contract, containing standard seller’s statements and guarantees, stipulated that SNAI had to exercise the option to purchase the Business Unit by 28 February 2006 and that the contract took effect as of an initial date that was the third business day following fulfillment of the conditions precedent contained in the Option Contract. On such date (i.e., the third business day following fulfillment of the last condition) the parties also agreed to stipulate a deed before a Notary to confer to the contract the form (a public document or private authenticated agreement) required in order to record the transfer of the Business Unit in the Register of Companies.

The Option Contract condition precedent were the issuance of: (i) the necessary ministerial authorisations to transfer the License and, where necessary, to implement it by means of third-party instruments as laid down in Art. 14-ter of the Competition Decree, and (ii) unconditional authorisation from the Antitrust Authority to implement the project in its entirety, and provided that these conditions had to be met by 31 March 2006. Otherwise, the Option Contract and its effects would be permanently inapplicable even if the option right had been exercised in the meantime.

On 12 December 2005, after being notified by SNAI of the Acquisition, the Antitrust Authority resolved not to open the proceeding pursuant to Art. 16, Para. 4, of no. 287 of 10 October 1990. The appeal against the Antitrust Authority’s resolution mentioned in the preceding warning about “*Risks deriving from pending legal proceedings*” is pending.

With reference to each Business Unit, the Management Contract, which was signed at the same time as the Option Contract, stipulated that the efficacy of the same would be (i) suspensive depending on the purchase by SNAI of the relevant Business Branch in compliance with the Option Contract and (ii) would become effective on the date the Business Unit was effectively transferred.

On 13 March 2006 the last of the suspensive provisions in Art. 3.1 of the Option Contract were fulfilled 3.1 that subordinated the efficacy of the transfer of Business Units to SNAI.

On 24 February 2006 AAMS and the UNIRE granted the authorisation to transfer the licences to SNAI effective as of 13 March 2006, sub rescinding clause in the event of breach of the following covenants by SNAI by 13 April 2006. More precisely, the AAMS authorisation laid down the following rescinding conditions: (i) failure to stipulate the notarial deeds of the contracts for transfer of the Business Units; (ii) SNAI interrupts payment of the amounts due the UNIRE for write-downs of minimum mandatory payments, with the amounts due the licensees as compensation for damages awarded by the arbitration ruling on 26 May 2003; (iii) that SNAI contextually pay all its debts not subject to compensation with the sums deriving from the aforementioned arbitration ruling; (iv) that the assignor licensees deliver to AAMS a fiduciary policy equal to the sums owed and paid in compensation in order to guarantee the AAMS’ decision in the event that a judgment of last instance finds in favor of inadmissibility of the compensation. The authorisation from the UNIRE laid down the following rescinding conditions: (i) failure to stipulate the Notary deeds for the transfer of the Business Units; (ii) that SNAI must fulfill all the obligations of the previous Licence-Holder of the licences until 15 March 2006, as well as its own obligations as of 13 March, while waiting for the transfer of the license to take effect; (iii) that SNAI must provide the UNIRE with a proper guarantee in the form laid down in Art. 7 of the Ministry of Finances Decree of 20 April 1999 to

cover all its obligations to make payments deriving from doing business under its licence; (iv) that a proper guarantee be given to the UNIRE to cover payment of an amount equal to the amount of credits already owing to that Entity for which the previous licencees objected the compensation with the sums declared by the arbitration on 26 May 2003.

Between 16 March and 3 April 2006, SNAI and the Former Licence-Holders therefore stipulated the restitution deeds of the licence contracts of the Business Units in the presence of the Notary Roberto Martinelli, whose office is in Altopascio (Lucca), and SNAI paid its share of the costs which that contract contextually specified were to be paid.

Each Management Contract is effective until 31 December 2015, without prejudice to SNAI's right to extend the duration for a period of no more than 6 years, by notifying the Former Licence-Holder at least 6 months before the expiration date.

As laid down in the Management Contract, the Former Licence-Holder agreed to use its own Business Unit exclusively to carry out for SNAI activities inherent to the transferred licence, such as collecting and accepting bets at its agency under the licence, and other instrumental activities, including paying winning bets, as well as any other related business, as well as collect and accept bets, activities inherent to betting competitions, lotteries and legal games, that SNAI will implement in a free market regime, that is as licensee or authorised by third parties, including collaborating in accepting bets played in slot machines and supplying services to the final client such as for example, but not limited to, issuing and selling tickets to game and sports shows.

The Management Contract stipulates that the Former Licence-Holder, on the basis of this contract, becomes the manager of a "SNAI POINT" and also provides support for telephone and electronic acceptance of "Play Sport" or "SNAI card" bets such as for example, but not limited to, stipulating contracts, collecting deposits, making deposits and payments in full, etc.

In compliance with the Management Contract, the costs of managing each SNAI Point will be entirely covered by the Former Licence-Holders, who, among other things, agree with the Company to see to the upkeep of that Point and that its equipment is functional and welcoming and to see to its maintenance and that of its equipment as well as make improvements as they become necessary or as they are required by the Company in order to optimise its decorum, accommodation capacity, functionality and efficiency.

In order to implement the aforementioned activities exclusively for SNAI, the Management Contract stipulates that each Former Licence-Holder shall, under its own responsibility, use personnel it appoints and pays according to current law and regulations for the sector. In virtue of this directive the Company is exempted from any civil or administrative responsibility provided for in the event that the Former Licence-Holder violates any pertinent current laws applicable to personnel it employs, as well as from any claims the aforementioned personnel may bring against the Company, for any reason whatsoever.

The Former Licence-Holder that stipulated the Management Contract, or another subject the Former Licence-Holder may name, will act as a representative for SNAI in order to carry out the above-mentioned activities, as laid down in Art. 93 of the R.D. 18 June 1931 no. 773 and subsequent amendments, and Art. 14-ter of the Competition Decree.

To carry out the activities described in the Management Contract the person who manages the SNAI Point will be paid a daily wage, based on Turnover at the Point and the bets it receives by means of telephone and electronic systems.

The Management Contract lays down furthermore that, should the SNAI Point inform SNAI, after January 2012, that the aforementioned daily wage has become insufficient, the parties will in good faith negotiate a revised daily wage and if they cannot come to an agreement as to this revision by a certain date the SNAI Point will have the option of withdrawing from the contract, which shall take effect three months from the date it notifies SNAI that it is exercising its option to withdraw.

In regard to surmises about withdrawing, we would like to mention that the Company may exercise the option contained in the termination clause described in the Management Contract should the Former Licence-Holder fail to meet some of its obligations to SNAI, among which for example, but not limited to: (i) if it does not fulfill its obligation on exclusivity; (ii) it carries out business other than that stipulated in the Management Contract without obtaining the prior written consent from the Company; (iii) it fails to meet its obligation for the upkeep of the SNAI Points; (iv) it transfers or sells the Business Unit to third parties without notifying SNAI in advance; (v) it violates current regulations while carrying out the business; (vi) it fails to communicate or untruthfully communicates to the Company about bets it has collected and accepted. The Management Contracts also stipulate that should the Company lose title to the licence for the Business Unit it acquired or not be able to offer clients alternative products in the gaming and betting sectors following amendments to regulations, the contract will be terminated due to intervening inability to provide the service.

The Management Contract contains a five-year non-competition covenant, under the terms of which each Former Licence-Holder has agreed that whoever directly or indirectly holds a share in a SNAI Point shall not carry out any of the activities described in the contract nor be owner of licences or authorisations to carry out such activities.

The procedure for determining the purchase price of the Business Units was subjected to intense scrutiny by the Members of the Board of Directors at SNAI, also in view of the fact that acquisition of some of the aforementioned Business Units is classifiable, in the applicable regulations, as an operation with related parties.

Most of the Business Units belonged to Members of SNAI's Board of Directors who directly and/or indirectly owned them, through companies in which they held shares in or that belonged to their relatives. Most of the Members of the Board of Directors are also, mainly indirectly, partners through companies they hold shares in, of the Parent Company SNAI SERVIZI and some of them are also managers of the Company.

In compliance with Art. 2391-*bis* of the Civil Code and recommendations in the Code of Self Governance for listed companies, the Company's Board of Directors assessed and selected the Business Units to acquire on the basis of objective criteria it identified, with the assistance of consultants.

In particular, the Company had intended to define the criteria for selection solely if upwards of 500 of its clients expressed interest in the proposal to buy business points. Therefore, since the Company only received applications for no. 464 licences, it did not develop that criteria.

In light of the applications received and in compliance with each Option Contract, SNAI only applied criteria for selection based on the amount to pay each Former Licence-Holder for each Business Unit. In particular,

the amount due for the Acquisition was calculated on the net volume of bets collected by each Former Licence-Holder between 1 January 2004 and 30 June 2005. Then this volume was calculated for 12 months and a percentage of 30% was applied to the annual average. The result, after subtracting any debts matured by a single licensee with the grantors, represented the basic cost of the Acquisition.

Because of the results the Company decided not to acquire 14 licences, inasmuch as debts in connection with them exceeded the amount that SNAI would have had to pay a Former Licence-Holder, on the basis of the aforementioned formula.

As we mentioned previously, in order to further check the accurateness of the assessment of amounts, the Board of Directors also availed itself of expert external consultants and asked Baker Tilly Consulaudit S.p.A. to prepare a fairness opinion that confirmed the Board of Directors' assessments of the profitability of each Business Point, the objective criteria, and the fairness of the total amount the Company paid to acquire the Business Points.

As described, the Acquisition was financed partly by deferring part of the payment for the Acquisition and partly through the two Loan Agreements described herein.

Service Provider Contract

The Company continues to be a leading service provider of gaming and betting, also through subsidiaries and specialized business divisions, pursuant to standardised contracts with all its Third-Party SNAI Points.

Technical services provided for the Third-Party SNAI Points to support acceptance and collection of bets consist primarily of: (i) transmitting the data for each bet from the Third-Party SNAI Point to the collection center and/or the totaliser, in order to register and account for it, and transmitting the authorisation to issue the receipt for the bet from the national collection center and/or the totaliser to the Third-Party SNAI Point; (ii) providing technical and administrative support for all activity underlying the acceptance and collection of bets; (iii) promotional, advertising and image-relations activities.

SNAI loans at no charge equipment to the Third-Party SNAI points, to make it possible for them to carry out the above, and to visualise the data and images related to bets..

In addition, the Company, in the name of and on behalf of the Third-Party SNAI Point, settles with the Ministry of Economy and Finance any amounts owed to it by the Third-Party SNAI Point and vice versa.

For each of the services described in under (i), (ii) and (iii) provided to each Third-Party SNAI Point, the Company is paid 1.20% of the Volume of Bets generated by each SNAI Point. This payment is backed by a bank guarantee.

The Company also grants the Third-Party SNAI Points a series of trademarks that they can display. Each Third-Party SNAI pays the Company approximately EUR 500 a year for the right to use the trademarks.

Service Provider Contracts have a duration equal to the duration of the Licences held by each Third-Party SNAI Point.

Loan Agreements and relative guarantees

In order to acquire the financial resources needed for the Acquisition, as well as to extinguish the residue of the previous loan agreements, including the Consolidation Agreement, and to refurbish its own working

capital, the Company signed two inter-connected loan agreements, the Senior Loan Agreement and the Junior Loan Agreement.

The Company and the financial bodies have agreed, by signing a specific agreement, the so-called Intercreditor Agreement, that the Junior Loan Agreement would be subordinate to the Senior Loan Agreement and therefore that each payment due under the Junior Loan Agreement could be paid to Solar S.A. only to the extent that all the payments due to UBI under the Senior Loan Agreement have been made.

The finance granted on the basis of the Senior Loan Agreement (the “Senior Loan”) is divided into a tranche A up to EUR 96.5 million (“Tranche A”) and a tranche B up to EUR 170 million (“Tranche B”). The Senior Loan has a duration of five years, that is until 15 March 2011. The interest rate applied to the Senior Loan is equal to 3-month EURIBOR plus an annual margin of 2.75% for Tranche A and 5.15% for Tranche B. This margin can be reduced by 0.25% for Tranche A and 0.5% for Tranche B if the Company reaches the specific levels agreed in the ratio between the overall net debt and the annual EBITDA.

The Senior Loan Agreement envisages that Tranche A will be repaid on the basis of an amortisation plan, except that there will be a pre-amortisation period for the first eighteen months. The repayments of Tranche A will be paid therefore at the eighteenth, twenty fourth, thirty sixth, forty eighth and sixtieth month from first draw-down, i.e from 21 March 2006. Tranche B of the Senior Loan will however be fully repaid on maturity of the Senior Loan and is in any case subordinate to the full repayment of Tranche A. SNAI has the right to repay the Senior Loan early as from the third year by paying some costs and a commission for the early repayment equal to 2% of the amount repaid early at the third year and equal to 1% of the amount repaid early at the fourth year. Any amount repaid early after the fourth year will be subject only to specific costs but not to commissions.

However it is possible for the Company to repay Tranche A early, even during the first year, with the payment only of the “interruption costs” but no commissions, in the case of the implementation of a capital increase for the Company of an amount equal at least to EUR 100 million, within 210 days of the date the loan was granted.

It is emphasised that the said costs (due solely in case of a failure to pay coinciding with an interest payment date) consist of the difference between: (i) the higher interest which UBI will have received in the period between the date of receipt of all or part of Tranche A and the last day of the interest period in course with reference to the said Tranche, if the capital sum received had been paid on the last date of the relative interest period; and (ii) the amount which UBI would be able to obtain by depositing a sum equal to the capital amount received at a major credit institution on the European inter-bank market for a period starting from the working day after the receipt of the amount and ending on the last day of the interest period in course.

The Junior Loan obtained by the Luxembourg company Solar S.A., controlled by FCCD Limited, a company under Irish Law, in which the Company holds a shareholding of 30%, is equal to EUR 43.5 million and has a duration of five years, or up to 15 March 2011. The interest rate applied to the Junior Loan is equal to the 3-month EURIBOR plus a margin of 14.30% per year. This margin may be reduced by 0.5% if the Company reaches specific levels agreed for the ratio between overall net indebtedness and the annual gross operating margin (EBITDA). The Junior Loan will be fully repaid on expiry and in any event subordinately on the repayment of the Senior Loan in full.

The Company has the right to repay the Junior Loan early as from the third year through the payment of some costs and a commission for the early repayment of 2% of the amount repaid early at the third year and

equal to 1% of the amount repaid early at the fourth year. Any amounts repaid early after the fourth year will be subject only to specific costs but not to commissions.

On 21 March 2006, the Company received disbursement of the first part of the two tranches of the Senior Loan and the Junior Loan for a total amount of approximately EUR 175 million (of which EUR 23.7 under the Junior Loan). The sums requested in this way were received respectively on 21 and 24 March.

On 31 March 2006, the Company received disbursement of the remaining EUR 135 million under the two tranches of the Senior Loan and the Junior Loan. The abovementioned amount was credited, with an amount of EUR 116 million relating to the Senior Loan on 5 April 2006, and an amount of EUR 19 million relating to the Junior Loan, on 15 April 2006.

The Loan Agreements incorporate, as is usual for this type of loan, a series of obligations for the Company which, except what is set out above, are largely similar in both the Loan Agreements. In particular these obligations can be sub-divided into the following: (i) accounting information; (ii) financial; (iii) corporate obligations; general ongoing obligations.

Notwithstanding the above, the Loan Agreements incorporate, as is usual for this type of loan, a series of obligations for the Company which, except what is set out above, are largely similar in both the Loan Agreements. In particular these obligations can be sub-divided into the following: (i) accounting information; (ii) financial; (iii) corporate obligations; and (iv) general ongoing obligations.

The Company has undertaken the obligation to comply with the following:

- (a) to deliver the following documents to UBI and to Solar S.A. as soon as they are available, and in any case within 45 days of the end of the first and third accounting quarter (15 May and 15 November): (i) consolidated financial statements for that accounting quarter; (ii) certificate of conformity signed by two directors who will specify, in detail, the calculations relating to the compliance with the financial covenants on the date on which these financial statements were drawn up; (iii) declaration by a director that the financial statement in question represents faithfully the financial situation of SNAI on the date on which the financial statement was drawn up;
- (b) to deliver the following documents to UBI and to Solar S.A. as soon as they are available, and in any case within 75 days of the end of the second accounting quarter of each calendar year (15 September): (i) audited consolidated financial statements for the first half-year of that tax period; (ii) certificate of conformity signed by two directors which will specify, in detail, the calculations relating to compliance with the financial covenants on the date on which these financial statements were drawn up; (iii) declaration by a director that the financial statement in question represents faithfully the financial situation of SNAI on the date on which the financial statement was drawn up;
- (c) to deliver the following documents to UBI and to Solar S.A. as soon as they are available, and in any case within 95 days of the end of each tax period (4 or 5 April according to whether the year in question is a leap year or not): (i) draft consolidated financial statements for that tax year approved by the board of directors; (ii) certificate of conformity signed by two directors specifying, in detail, the calculations relating to compliance with the financial covenants on the date on which these financial statements were drawn up. This certificate

must also bear the auditors' declaration, including independent ones, with regard to the correct application of IFRS; (iii) declaration by a director that the financial statement in question represents faithfully the financial situation of SNAI on the date on which the financial statement was drawn up;

- (d) to deliver the following documents to UBI and to Solar S.A. as soon as they are available and in any case within 150 days of the end of each tax period (29 or 30 May according to whether the year in question is a leap year or not): (i) audited consolidated financial statements for that tax period; (ii) certificate of conformity signed by two directors specifying, in detail, the calculations relating to compliance with the financial covenants on the date on which these financial statements were drawn up. This certificate must also bear the auditors' declaration, including independent ones, with regard to the correct application of IFRS; (iii) declaration by a director that the financial statement in question represents faithfully the financial situation of SNAI on the date on which the financial statement was drawn up;
- (e) to supply to UBI and Solar S.A. as soon as available, and in any case within 45 days of 31 March, 30 April and 31 May 2006 (i.e. respectively by the 15th of May, the 15th of June and the 15th of July 2006) the cash recapitulation prepared in accordance with the standards generally applied by SNAI;
- (f) to supply to UBI and Solar S.A. starting from July 2006, and as soon as available for each month, and in any case within 45 days of the end of each month, the monthly management accounts (including the balance sheet and the summary profit and loss account) prepared in accordance with the standards generally applied by SNAI.
- (g) to supply to UBI and Solar S.A. as soon as available, and in any case within 45 days from the end of the second and fourth accounting quarter (i.e. respectively by the 14th of August and the 14th of February) the quarterly consolidated management accounts (including the balance sheet and the summary profit and loss account as well as comments on the main events) arranged in accordance with the stated requirements.

Regarding the obligations of a financial nature it is noted that SNAI must guarantee that:

- (h) the EBITDA of the Group on each test date and in relation to each reference period ending on that test date is equal to or greater than the amount specified for that test date in the second column of the table;
- (i) the ratio between the total net debt (i.e. existing interest-bearing debts relative to SNAI, to be set against the Loan and in relation to other creditors, net of cash, cash equivalents and short-term investments, as seen in the last consolidated and audited financial statements of the Company) and the EBITDA on each test date specified in the table in relation to each reference period ending on that test date, shall not exceed the amount indicated in relation to that test date in the fourth column of the table;
- (j) the ratio between the total adjusted net debt (i.e. the total debt increased by the deferred payment due to the former licence holders) and the EBITDA on each test date specified in

the table in relation to each reference period ending on that test date, shall not exceed the amount indicated in relation to that test date in the third column of the table;

- (k) coverage of fixed charges on each test date indicated in the table in relation to each reference period ending on that test date, shall not be less than the amount indicated in relation to the test date in the fifth column of the table.

Test date	EBITDA <i>(in millions of euro)</i>	Ratio between Total Net Adjusted Debt and EBITDA	Ratio between Total Net Debt and EBITDA	Coverage of Fixed Charges
30 June 2006 ¹	60.7	6.5	4.5	1.3
30 September 2006	62.6	6.1	4.1	1.7
31 December 2006	64.2	5.7	3.8	1.6
31 March 2007	63.4	5.6	3.7	1.7
30 June 2007	63.6	5.4	3.9	1.1
30 September 2007	62.7	5.4	3.8	0.8
31 December 2007	61.1	5.3	3.9	0.7
31 March 2008	61.9	5.1	3.6	0.6
30 June 2008	62.7	4.9	3.7	0.6
30 September 2008	63.5	4.6	3.5	0.8
31 December 2008	64.3	4.4	3.4	0.8
31 March 2009	65.0	4.2	3.1	0.7
30 June 2009	65.6	4.0	3.2	0.7
30 September 2009	66.3	3.8	3.0	0.8
31 December 2009	66.9	3.5	2.9	0.8
31 March 2010	67.5	3.3	2.7	0.7
30 June 2010	68.0	3.2	2.7	0.7

¹ Reference Period indicates: (i) in relation to the first test date, the period from 31 arch 2006 (included) to 30 une 2006 (excluded); (ii) in relation to the second test date, the period from 31 arch 2006 (included) to 30 eptember 2006 (excluded); (iii) in relation to the third test date, the period from 31 March 2006 (included) to 30 December 2006 (excluded) and (iv) in relation to any other test date, the period of four consecutive accounting quarters ending on the relative test date (excluded).

The following relates to obligations of a corporate nature.

In the first place SNAI has undertaken to ensure that Trenno grants it by 30 September 2006: (i) the bare ownership rights relating to the legally bound property owned by Trenno; (ii) the payment received by Trenno for the sale of any property by Trenno to SNAI in the period from 27 February 2006 to the date of the first drawn down of the sums granted pursuant to the Loan Agreement; (iii) the other property owned by Trenno; (iv) the shares of any firm or company which represents or includes the assets mentioned at letters (a) and (b) excluding any other assets or liabilities not strictly linked to them and owned by Trenno. In the second place SNAI has also undertaken to ensure that, while observing what has just been stated, Trenno will grant it the usufruct rights in the properties mentioned under a).

Notwithstanding the above, SNAI must also:

- (i) complete by 30 September 2006 the proposed merger by incorporation of Trenno by SNAI;
- (ii) ensure that within 30 days of the moment on which it became aware of the fact that one of its subsidiaries became a relevant subsidiary (i.e. a subsidiary whose assets or gross consolidated cash flow constituted 5% or more of the assets, the revenues or the consolidated gross cash flow of the Group), that subsidiary becomes a guarantor of SNAI, pursuant to the Loan Agreements. An event which, in relation to Trenno, occurred on 30 March 2006;

- (iii) give UBI and Solar S.A. a copy of the restitution deeds for the Business Units;
- (iv) proceed with the registration of all the software programmes which SNAI owns with the competent authorities;
- (v) provide a guarantee covering this software in favour of UBI and of Solar S.A.;
- (vi) give timely notice to UBI and to Solar S.A. of the fact that SNAI Servizi had ceased to hold at least 50% of the capital of SNAI or of the circumstances in which the said controlling company had no longer the ability to decide the composition of the Board of Directors of SNAI or of the equivalent administrative body.

Finally in relation to the general ongoing obligations the following is noted:

In observance of the current legal provisions in matters of disclosure of information by listed companies as well as that contained in Decree Law no.196/2003 “Code for the protection of personal data”, SNAI must give to UBI and Solar S.A.:

- (i) all the documents sent to its own shareholders (or to any class of these) or to its own creditors in general, at the same time as these documents are sent;
- (ii) quickly, and as soon as this is known, the details of any dispute, arbitration or administrative procedure in course, threatened or pending in relation to any company of the Group which, in the case of an adverse ruling, could reasonably have important effects, also on the activity of SNAI or the Group;
- (iii) quickly, all further information relating to the financial situation, to activity carried out and transactions effected by any company of the Group which UBI and Solar S.A. could reasonably request;
- (iv) quickly, and on request, any accounts extract relating to the current accounts of any company of the Group;
- (v) quickly, and on request, a certificate signed by two of its directors or senior managers which confirms that, with reference to commitments made, there are no non-compliances pending (or if there is a non-compliance pending, give details of this and any action needed to remedy it).

In addition to what is stated above the Company must: (i) communicate quickly and as soon as it has knowledge of it, to UBI and to Solar S.A., any non-compliance with the obligations arising from the Loan Agreements together with the actions needed to remedy this; (ii) notwithstanding current Italian standards, offer all necessary cooperation if UBI and Solar S.A. are obliged to conform to the so-called “know your customer” procedure or to any similar procedure in a case where they do not have the necessary information.

It is noted finally that SNAI has also undertaken: (i) to obtain and/or maintain all the authorisations needed for the fulfilment of its obligations pursuant to the agreements to which the Company is part; (ii) act in compliance with applicable laws and not constitute (or ensure that these are not constituted), without the prior consent of the lending banks, any new guarantees and/or any encumbrances on the assets of the Company and of the other parts of the SNAI Group; (iii) not to dispose of and act so that these are not transferred, without the prior consent of UBI and Solar S.A., assets, credits and liquidity, its own or

belonging to Group Companies, in order to increase the indebtedness of SNAI or to finance the acquisition of an asset; (iv) not to transfer (or ensure that they are not transferred) assets, its own or belonging to other parts of the SNAI Group, of a total value greater than EUR 5 million, for all the duration of the loans, if not part of the pursuit of ordinary business and on market terms or where the proceeds are used for the development of the activity of the Company; (v) not to grant credit to third parties outside the Group, except in the course of ordinary business; (vi) not to carry out corporate operations of an extraordinary character, except for the proposed corporate reorganisation which also includes the merger between the Company and Trenno (see Chapter V, Paragraph 5.1.5 b)), and any other operation agreed with the lending banks; (vii) not to substantially modify the activity of the Company or the SNAI Group in general and not to change the statutes of the Company so as to prejudice the rights of the lending banks; (viii) not to assume further financial debt beyond the limits specifically agreed, including through factoring operations or the cession/transfer of credits for this purpose; (ix) not to change its own tax residence, without the prior consent of the lending banks; (x) to make all payments for tax stamps, registration or similar dues and charges; (xi) not to distribute, (a) any dividend of an amount greater than EUR 2,500,000 in any financial period after the date the said agreements were signed, nor (b) dividends less than EUR 2,500,000, if there occur certain conditions mainly linked to the progress of the EBITDA at consolidated level and the overall net indebtedness of the Company;

It is noted that pursuant to the Pledge Agreements, there is an obligation for SNAI Servizi to maintain its majority holding in the capital of SNAI. With reference to this last point, it is observed that loss of control could take place in a case where SNAI Servizi did not exercise its option rights in relation to the Capital Increase.

Notwithstanding the above, it is also appropriate to note that if the proceeds arising from the Capital Increase are greater than the amount (EUR 96.5 million) of Tranche A to be repaid, the relative interest and interruption costs, and for any further increase in capital effected by SNAI or by any Group company, it will be necessary to agree with the lending banks on the destination of such excess sums and/or proceeds. In fact, articles 7.6.2 and 22.9 of the Senior Loan and articles 7.6 and 21.9 of the Junior Loan, notwithstanding the assumption of a repayment of Tranche A as described above, provide, among other things, that SNAI must give prior warning of any increase in its capital and that, unless otherwise agreed with the lending banks, a sum equal to the proceeds of such an increase in capital must be assigned to early repayment of the Senior Loan and Junior Loan.

The occurrence of certain relevant events such as, for example, (i) the breach by the Company of the undertakings assumed pursuant to the Loan Agreements, (ii) the declaration of insolvency of one of the members of the SNAI Group, (iii) the occurrence of non-compliance for a value greater than the thresholds specifically agreed, by any of the members of the SNAI Group in relation to the relative financial debt, where this is not immediately remedied, if possible, (iv) the exit of any subsidiaries of the SNAI Group from the Group, (v) the loss of licences, authorisations or service contracts which produce more than 5% of the overall sales of the Group, will cause the Company to lapse from the benefits of the conditions with the result that the lending banks could in such a case demand immediate repayment of the sums lent at that moment and not yet repaid.

In way of guarantees for the above loans, in accordance with the above-mentioned obligations of a corporate nature, a mortgage has been established on the real assets owned by SNAI, and, in particular on the real property comprising Trotto di Milano and on the real property at the Montecatini Terme racecourse, as well as on the usufruct (owned by SNAI) and on the bare ownership (owned by Trenno) on the real asset

comprising Galoppo di Milano. In particular, first-ranking and second-ranking mortgages agreements have been created on these real assets in connection with the two tranches of the loan granted by UBI and a third-ranking mortgage was created on the same real assets under the loan granted by Solar S.A.

The guarantees granted subsequently on 16 March 2006 in favour of UBI and Solar S.A. are all first-ranking and second-ranking pledges, as follows: (i) pledge created by SNAI Servizi on the shares of SNAI which it owns, which represent 50.68% of the Company capital; (ii) pledge over the shares SNAI owns in each of the following subsidiaries: Trenno, Festa S.r.L., Immobiliare Valcarenga S.r.L., MAC Horse S.r.L. and in Teleippica S.r.L.; (iii) pledge over the current accounts of SNAI, as well as on the current accounts of Festa S.r.L., MAC Horse S.r.L. and Trenno.

Pursuant to the pledge agreement over SNAI shares described above at (i), the voting rights in relation to the pledged shares, and the right to receive the dividends, may be exercised by SNAI Servizi unless the lender declares that it wishes to exercise such rights following a breach by SNAI under the Loan Agreements or expiry of the term for SNAI under the Loan Agreements.

The pledges created over SNAI shares and Trenno shares are guarantees created pursuant to legislative Decree no. 170 of 21 May 2004, which allows, on certain conditions, enforcement to be carried out by appropriation of the pledged shares by the guaranteed creditor, rather than by sale of the pledged shares. In a case of enforcement of the pledge on the SNAI shares held by SNAI Servizi there would be a change of control of the SNAI Group.

On 20 October 2006, the Company obtained from the lending banks, pursuant to the Loan Agreements, consent to: (i) sign the Guarantee Agreement, (ii) issue the real guarantees provided for in the Guarantee Agreement, and (iii) not to use the proceeds of an increase in capital up to a maximum amount of EUR 250 million, to be completed by 31 December 2006, for the early repayment of the Loans.

Because of this consent, the Company has undertaken not to repay early Tranche B of the Senior Loan and the Junior Loan for a further period of six months with respect to what is set out in the Loan Agreements, from 24 to 30 months (i.e. until September 2008). The Company retains the right to repay Tranche A of the Senior Loan early, after the twenty fourth month, if it wishes.

Guarantee Agreement

In the context of the Company taking part in the Tenders, the Company asked UBI to grant short and long term guarantees as required by the Invitations to Tender. For this reason, on 20 October 2006, the Company entered into the Guarantee Agreement with UBI, pursuant to UBI granted to the Company a guarantee facility, undertaking to issue short- and long- term facilities for an overall maximum amount of EUR 140 million, and in particular: (i) short term fidejussory guarantees expiring on 30 April 2007 for an overall amount of EUR 35 million, to be issued within 30 days after signature and (ii) long term guarantees with a term of 10 years for an overall amount of EUR 105 million, to be issued within six months of the date of signature. The Guarantee Agreement provides that the guarantees are issued in favour of AAMS in the context of the participation of the Company in the Tenders. The Company on 20 October 2006 requested short-term guarantees for an overall amount of EUR 26,250,000 and letters of intent from the bank to issue long term guarantees for an amount equal to 105 million, as required by the Invitations to Tender. Pursuant to the Guarantee Agreement and the letters of intent, UBI undertook to issue the long term guarantees for the Rights, as specified in the Invitations to Tender.

The annual commissions applied to the guarantees are the following: 0.50% on the amounts guaranteed with short-term guarantees and 1.40% for the long term guarantees. The Company will also pay UBI a commission of 0.10% of the overall amount of the guarantees, and an annual commitment fee of 0.50% for the period in which the long term sureties are made available but for which the issue has not been requested.

The Guarantee Agreement is backed by certain guarantees, and in particular by: (i) a third-ranking pledge on shares of the Company representing at least 50.1% of its capital; (ii) a first-ranking pledge on shares of SNAI Servizi s.r.l. representing at least 50.1% of its capital; and (iii) a guarantee on cash deposits for EUR 20 million (it is specifically arranged that this cash guarantee deposit will be issued and can be used in the context of the planned capital increase to be implemented by 31 December 2006).

Pursuant to the Guarantee Agreement the Company has issued representation and warranties customary for contracts of this kind relating to (i) its existence and valid constitution, (ii) its own ability to sign the Guarantee Agreement, (iii) the validity and enforceability of the executed agreement, (iv) the absence of obligations for tax withholdings on the signed documents, (v) the absence of non-compliance linked to the issue of the guarantees; (vi) the accuracy of the information supplied to UBI and (vii) the absence of legal proceedings which could have a prejudicial effect on the Company's operations.

The Guarantee Agreement contains a series of provisions which are standard for agreements of this kind, some of which relating to: (i) the possibility for the Company to cancel its own exposure to the bank early through the restitution of the guarantee by AAMS or the formalisation of a redemption of the guarantee to be excluded from its restitution in a form acceptable to the bank or through a guarantee deposit by the Company of a sum equal to the sum guaranteed by the fidejussory guarantees issued by the bank pursuant to the Guarantee Contract; (ii) undertaking by the Company to repay the bank for any amount paid by it to the AAMS in the case of enforcement of the guarantees; (iii) undertaking to give the bank copies of the accounts statement (annual consolidated financial statements, half-yearly and quarterly statements) of the Company as required by law; an undertaking by the Company to observe the same financial parameters set out in the Loan Agreements; (iv) a series of undertakings by the company to act, or not to act, in line with the similar undertakings assumed by the Company pursuant to the Loan Agreements; (v) undertaking by the company to observe all the provisions of the Invitations to Tender.

In a case of failure of the Company to pay any amount due under the Guarantee Agreement, the failure of the Company to honour the undertakings assumed under the Guarantee Agreement; a change in the control of the Company or the total or substantial cessation of its activity; the revocation, cancellation, lapse or failure to renew the Rights so as to have a significant prejudicial effect on the activity of the Company, the occurrence of a non-compliance by the Company in relation to its financial indebtedness different from that assumed pursuant to the Guarantee Agreement which involves the lapse of the benefit of the conditions for amounts greater than EUR 2,500,000, as well as the declaration of insolvency by the Company or the start of one for bankruptcy proceedings concerning itself, will cause the lapse of the benefit of the conditions pursuant to the Guarantee Agreement, which would oblige the company to deposit as guarantee a sum equal to the amount of the guarantees issued until the release or extinction of these.

The Company has obtained from the lenders who are parties to the Loan Agreements the consent to sign the Guarantee Agreement and the parties have also agreed that all the rights of the bank pursuant to the Guarantee Agreement are subordinate to the rights of the financial parties to the Loan Agreements (note that UBI is both the lending bank pursuant to the Loan Agreements and the bank issuing the guarantees under the Guarantee Agreement).

XXIII. INFORMATION FROM THIRD PARTIES, EXPERTS' OPINIONS AND DECLARATIONS OF INTEREST.

23.1 Opinions or reports from experts

This Prospectus does not include opinions or reports from third parties acting as experts.

23.2 Information from third parties

The information contained in this Prospectus comes from, or was prepared by, the Company, with the exception of that contained in the:

- (i) table mentioned under the Chapter “Risk Factors Relating to the Company and the SNAI Group”, Paragraph “Risks linked to competitive position”, which also shows the share of the market for games and betting held by SNAI with reference to products it offers, for the financial period closed at 31 December 2003, at 31 December 2004 and at 31 December 2005 (Source SNAI for data published by providers and AAMS),
- (ii) table mentioned in the First Section, Chapter VI, Paragraph 6.2, which shows the overall situation relating to the market for games and betting broken down by category of activity for each financial period for the period referred to in the financial information relating to the periods closed respectively at 31 December 2003, at 31 December 2004 and at 31 December 2005, as well as on the dates of 31 March 2005 and 31 March 2006 (Source SNAI for data published by providers and AAMS).

All the above information has been accurately given in the prospectus and, so far as the Company is able to ascertain, no facts have been omitted which could make the information given inexact or misleading.

XXIV. INFORMATION ON HOLDINGS

Amongst the subsidiaries only the Company's holdings in Trenno and in Festa S.r.l. are such as to have a notable impact on the valuation of assets and liabilities, on the financial situation or on the profits and losses of the Company.

For a description of the results of the activities of these subsidiaries as at 31 December 2005 we refer to Chapter VII, Paragraph 7.2 of this Prospectus.

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SECTION TWO — INFORMATION ON THE FINANCIAL INSTRUMENTS OFFERED

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XXV. PERSONS RESPONSIBLE

25.1 Identification of persons responsible in this Prospectus

Please refer to Section One, Chapter I, Paragraph 1 “Persons Responsible”.

25.2 Declaration of persons responsible for this prospectus

Please refer to Section One, “INFORMATION ABOUT THE ISSUER”, Chapter I, Paragraph 1.2 “Declaration of responsibility”.

XXVI. RISK FACTORS RELATED TO THE FINANCIAL INSTRUMENTS BEING OFFERED

Please refer to Section One, “RISK FACTORS”, for an assessment of the risks specific to the financial instruments being offered to the public.

XXVII. KEY INFORMATION

27.1 Declaration relative to working capital

The Company thinks that its consolidated working capital, which reflects its ability to fulfil its short-term obligations, is sufficient to meet the SNAI Group's current requirements.

Owing to the participation in the Tenders and the ensuing assignment of Rights, the working capital should increase as a result of the higher number of Betting Shops in Italy. In fact, this would determine an increase in the volume of bets and the relevant revenues, less winner payouts.

Any financing requirements that should arise in excess of the cash inflows from operations, in the twelve months following the publication of this Prospectus, will be met by utilising the proceeds of this Share Issue.

For additional information on the Company's available funding, reference should be made to Section One "INFORMATION ABOUT THE ISSUER", Chapter X, Paragraph 10.1 "Financial resources (short- and long-term)".

27.2 Cash and debt

The table below provides details of the Group's cash and debts and the net financial debt as at 30 September 2006, 30 June 2006, 31 December 2005 and 30 September 2005. The data shown therein have been extracted from the Company's quarterly report as at 30 September 2006, six-monthly report as at 30 June 2006 and consolidated financial statements as at 31 December 2005, which were prepared in accordance with IAS/IFRS.

<i>(in thousands of euro)</i>	30.09.2006	30.06.2006	31.12.2005	30.09.2005	30.06.2005
Amounts owing to banks and other lenders in the short term:					
- Secured ⁽¹⁾			7,700	6,400	6,400
- Secured by assets ⁽²⁾	12,786				
- Unsecured	8,431	5,652	2,439	2,780	2,187
Total amounts owing to banks and other lenders in the short term	21,217	5,652	10,139	9,180	8,587
Amounts owing to banks and other lenders in the medium and long term:					
- Secured ⁽¹⁾			32,864	36,546	36,546
- Secured by assets ⁽²⁾	281,281	293,502			
- Unsecured	2,467	2,608	3,195	3,348	3,594
Total amounts owing to banks and other lenders in the medium and long term	283,748	296,110	36,059,00	39,894,00	40,140,00
Group equity:					
Share capital	28,570	28,570	28,570	28,570	28,570
Legal reserve	1,268	1,268	1,268	1,268	1,268
Other reserves	54,020	54,020	43,635	43,635	43,634
Profit (loss) for the period	-3,455	-2,204	10,385	4,530	3,660
Total Group equity	80,403	81,654	83,858	78,003	77,132
Total amount owing to banks and other lenders and Group equity ^(*)	385,368	383,416	130,056	127,077	125,859

^(*) The total net Group equity as at 30 September 2006 does not include the result for the period as this is not available.

⁽¹⁾ Guaranteed by security of 27,771,023 SNAI S.p.A. shares, issued by the parent company SNAI Servizi S.r.L. in favour of the pool of banks signatory to the debt consolidation agreement.

⁽²⁾ During the course of the first six months of 2006, the Company obtained financing for the acquisition of "Licence" business units against which the following guarantees were issued:

- First-ranking mortgage deed created by SNAI S.p.A. in favour of UniCredit on 16 March 2006 on the Milan Racetracks and the Porcari offices (LU), value EUR 193,000,000, Rep. 16088 Notary Cambareri;
- Second-ranking mortgage deed created by SNAI S.p.A. in favour of UniCredit on 16 March 2006 on the Milan Gallop Racetrack, value EUR 340,000,000, Rep. 16089 Notary Cambareri;
- Third-ranking mortgage deed created by SNAI S.p.A. in favour of Solar S.a. on 16 March 2006 on the Milan Racetracks and Porcari offices (LU), value EUR 87.000,000, Rep. 16090 Notary Cambareri;
- First-ranking pledge on Trenno S.p.A. shares created on 16 March 2006 by SNAI S.p.A. in favour of UniCredit value EUR 13,577,000;
- First-ranking pledge on the Festa S.r.L. shares created on 16 March 2006 by SNAI S.p.A. in favour of UniCredit, value EUR 1,000,000, Rep. 16093 Notary Cambareri;
- First-ranking pledge on the Immobiliare Valcarenga S.r.L. shares created on 16 March 2006 by SNAI S.p.A. in favour of UniCredit, value EUR 51,000, Rep. 16094 Notary Cambareri;
- First-ranking pledge on the Mac Horse S.r.L. shares created on 16 March 2006 by SNAI S.p.A. in favour of UniCredit, value EUR 26,000, Rep. 16092 Notary Cambareri;
- First-ranking pledge on the Teleippica S.r.L. shares created on 16 March 2006 by SNAI S.p.A. in favour of UniCredit, value EUR 495,000, Rep. 16091 Notary Cambareri;
- Second-ranking pledge on Trenno S.p.A. shares created on 16 March 2006 by SNAI S.p.A. in favour of Solar s.a., value EUR 13,577,000;
- Second-ranking pledge on the Festa S.r.L. shares created on 16 March 2006 by SNAI S.p.A. in favour of Solar S.a., value EUR 1,000,000, Rep. 16096 Notary Cambareri;
- Second-ranking pledge on the Immobiliare Valcarenga S.r.L. shares created on 16 March 2006 by SNAI S.p.A. in favour of Solar S.a., value EUR 51,000, Rep. 16097 Notary Cambareri;

- Second-ranking pledge on the Mac Horse S.r.L. shares created of 16 March 2006 by SNAI S.p.A. in favour of Solar S.a., value EUR 26,000, Rep. 16098 Notary Cambareri;
- Second-ranking pledge on the Teleippica S.r.L. shares created on 16 March 2006 by SNAI S.p.A. in favour of Solar S.a., value EUR 495,000, Rep. 16095 Notary Cambareri;
- First-ranking pledge created by SNAI S.p.A. in favour of UniCredit on current accounts in the name of SNAI S.p.A. as listed below:
 - Banca Nazionale del Lavoro S.p.A. Lucca Head Office ABI 01005 CAB 13701 a/c no. 41924
 - Monte dei Paschi di Siena S.p.A. Lucca Head Office ABI 01030 CAB 13700 a/c no. 27298/36
 - Monte dei Paschi di Siena S.p.A. Rome Head Office ABI 01030 CAB 03202 a/c no. 1628546
 - Monte dei Paschi di Siena S.p.A. Milan Head Office ABI 01030 CAB 01604 a/c no. 13734/08
 - Monte dei Paschi di Siena S.p.A. Lucca Head Office ABI 01030 CAB 13700 a/c no. 2830382
 - Monte dei Paschi di Siena S.p.A. Lucca Head Office ABI 01030 CAB 13700 a/c no. 1643343
 - Banca di Roma S.p.A. Branch no. 1 ABI 03002 CAB 13700 a/c no. 653388/58
 - Cassa di Risparmio di Lucca Branch no. 4 ABI 06200 CAB 13704 a/c no. 3566826
 - Cassa di Risparmio di Lucca Branch no. 4 ABI 06200 CAB 13704 a/c no. 3764866
 - San Paolo IMI S.p.A. Milan Branch no. 14 ABI 01025 CAB 1616 a/c no. 378
 - Banca Popolare di Milano S.c.a.r.l. Milan Branch no. 7 ABI 05584 CAB 1607 a/c no. 48091
 - Banca CR Firenze S.p.A. Capannori Branch ABI 06160 CAB 24700 a/c no. 472300
 - Banca Nuova S.p.A. Rome Branch no. 1 ABI 05132 CAB 3201 a/c no. 6736
 - Banca Nuova S.p.A. Rome Branch no. 1 ABI 05132 CAB 3201 a/c no. 98180
 - Credito Artigiano S.p.A. Milan S.Fedele Branch ABI 03512 CAB 1601 a/c no. 7602
 - UniCrediti Banca d'Impresa S.p.A. (formerly Rolo) Bologna Agency 42 ABI 03556 ABI 02460 a/c no. 2898662
 - UniCrediti Banca d'Impresa S.p.A. (formerly Rolo) Bologna Agency 42 ABI 03556 ABI 02460 a/c no. 2896061
 - Banco Posta Lucca Head Office ABI 07601 CAB 13700 a/c no. 65065567
- First-ranking pledge created by SNAI S.p.A. in favour of Solar S.A. on current accounts in the name of SNAI S.p.A. as listed below:
 - Banca Nazionale del Lavoro S.p.A. Lucca Head Office ABI 01005 CAB 13701 a/c no. 41924
 - Monte dei Paschi di Siena S.p.A. Lucca Head Office ABI 01030 CAB 13700 a/c no. 27298/36
 - Monte dei Paschi di Siena S.p.A. Rome Head Office ABI 01030 CAB 03202 a/c no. 1628546
 - Monte dei Paschi di Siena S.p.A. Milan Head Office ABI 01030 CAB 01604 a/c no. 13734/08
 - Monte dei Paschi di Siena S.p.A. Lucca Head Office ABI 01030 CAB 13700 a/c no. 2830382
 - Monte dei Paschi di Siena S.p.A. Lucca Head Office ABI 01030 CAB 13700 a/c no. 1643343
 - Banca di Roma S.p.A. Branch no. 1 ABI 03002 CAB 13700 a/c no. 653388/58
 - Cassa di Risparmio di Lucca Branch no. 4 ABI 06200 CAB 13704 a/c no. 3566826
 - Cassa di Risparmio di Lucca Branch no. 4 ABI 06200 CAB 13704 a/c no. 3764866
 - San Paolo IMI S.p.A. Milan Branch no. 14 ABI 01025 CAB 1616 a/c no. 378
 - Banca Popolare di Milano S.c.a.r.l. Milan Branch no. 7 ABI 05584 CAB 1607 a/c no. 48091
 - Banca CR Firenze S.p.A. Capannori Branch ABI 06160 CAB 24700 a/c no. 472300
 - Banca Nuova S.p.A. Rome Branch no. 1 ABI 05132 CAB 3201 a/c no. 6736
 - Banca Nuova S.p.A. Rome Branch no. 1 ABI 05132 CAB 3201 a/c no. 98180
 - Credito Artigiano S.p.A. Milan S.Fedele Branch ABI 03512 CAB 1601 a/c no. 7602
 - UniCrediti Banca d'Impresa S.p.A. (formerly Rolo) Bologna Agency 42 ABI 03556 ABI 02460 a/c no. 2898662
 - UniCrediti Banca d'Impresa S.p.A. (formerly Rolo) Bologna Agency 42 ABI 03556 ABI 02460 a/c no. 2896061
 - Banco Posta Lucca Head Office ABI 07601 CAB 13700 a/c no. 65065567
- First-ranking pledge created on 16 March 2006 by SNAI S.p.A. in favour of UBI on 39 Trademarks and 2 Patents owned by the company, Rep. 16099 Notary Cambareri;
- Second-ranking pledge created on 16 March 2006 by SNAI S.p.A. in favour of Solar S.a on 39 Trademarks and 2 Patents owned by the company, Rep. 16100 Notary Cambareri.

Other Guarantees provided by Group companies

The guarantees issued, as at 30 June 2006, total EUR 27,072,000 and relate to:

- EUR 7,500,000 for guarantees in favour of AAMS, issued by IS.FI.ME, with expiry 31 July 2007, to guarantee the proper execution of activities and functions entrusted under the license for collection of Totocalcio and Totogol, as well as to guarantee prompt and correct lodgement of income to AAMS, net of winnings due to users;

- EUR 15,506,000 for guarantees issued by various credit institutions in favour of AAMS, - requested for the slot machine license, to guarantee, among other things, fortnightly lodgement of the PREU balance and the license fee as provided for in Article 20, Paragraph 4 of the License expiring on 31 October 2011;
- EUR 130,000 for guarantees issued by Toro Assicurazioni in favour of SOGEI for participation in the call for tender for the supply contract for the specialist support services for the management and control of gaming and betting activity;
- EUR 1,463,000 for guarantees issued in favour of Cassa di Risparmio Firenze in the interests of Teleippica S.r.L., to guarantee a loan signed by the associate;
- EUR 1,235,000 in favour of Amministrazione Autonoma dei Monopoli di Stato (AAMS) to guarantee the arbitration of 26/05/2003 for the licences 1500-1521-248-1267-1654 for amounts due and not lodged until 31/12/2005 in recognition of damages in accordance with the above arbitration;
- EUR 424,000 for bonds in favour of Amministrazione Autonoma Monopoli di Stato (AAMS), issued by Ifinc S.p.A., for the licence for acceptance of horseracing and sports bets;
- EUR 203,000 in favour of the municipality of Milano for building licences;
- EUR 150,000 granted by the «Toscana Com-Fidi» Consortium to guarantee leasing operations;
- EUR 36,000 issued by Cassa di Risparmio di Firenze in favour of ENEL for contractual obligations;
- EUR 73,000 for guarantees in favour of the Minister for Economic Development to guarantee bonuses promised for bonus competitions;
- EUR 436,000 for guarantees in favour of the UNIRE to guarantee the UNIRE investment fund contribution for the Milan and Montecatini Racetracks;
- EUR 7,000 for guarantees issued by S. Paolo I.M.I. S.p.A. and by Banca Popolare di Milano in favour of the Customs Agency to guarantee the license for generators.

In addition, BTP 5% treasury bonds have been issued to guarantee the UNIRE, with expiry on 1 May 2008, for an amount of EUR 145,000 for the Milan and Montecatini Racetracks.

27.3 Interest of individual and legal persons participating in the Offering

All the members of SNAI's board of directors are also shareholders, indirectly or through family members, of the parent company SNAI Servizi, according to SNAI Servizi's shareholder register as at the date of the meeting of this company's shareholders held on 28 June 2005.

Moreover, all the members of SNAI's board of directors, except Messrs Francesco Cioffi, Paolo Rossi and Andrea Siano, are also directors of SNAI Servizi.

Thus, all the members of SNAI's board of directors had, directly or indirectly, an interest in the Acquisition as Former Business Unit Owners. It follows that these persons continue to have an interest in the Management Contract entered into by the Company in connection with the Acquisition.

Net indebtedness

<i>(in thousands of euro)</i>	30.09.2006	30.06.2006	31.12.2005	30.09.2005	30.06.2005
A. Cash	411	150	293	136	84
B. Other cash equivalents	29,836	23,256	9,838	6,460	13,450
-bank	29,818	23,232	9,830	6,452	13,450
- post office accounts	18	24	8	8	-
C. Held-for-trading securities	1	1	1	1	146
D. Cash and cash equivalents (A) + (B) + (C)	30,248	23,407	10,132	6,597	13,680
E. Current financial receivables	5,045	3,747	3,278	2,955	3,076
- due from parent company	2,420	1,938	1,377	389	427
- due from subsidiaries	1,775	1,052	1,315	1,424	1,278
- due from companies subject to the control of the parent company	850	757	586	1,142	1,371
F. Current bank debt	2,983	5	1,048	1,745	1,146
G. Current portion of long-term debt	12,786	-	7,700	6,400	6,400
H. Other current financial debt	5,448	5,647	1,391	1,035	1,041
- due to companies subject to the control of the parent company	4,361	4,402	147	-	-
- due to other lenders	1,087	1,245	1,244	1,035	1,041
I. Current financial debt (F) + (G) + (H)	21,217	5,652	10,139	9,180	8,587
J. Current financial debt, net (I) - (E) - (D)	- 14,076	- 21,502	- 3,271	- 372	- 8,169
K. Non-current financial assets: Treasury Bonds - BTP 5% maturing 01.05.08	145	145	145	145	145
L. Non-current bank debt	240,643	252,911	32,864	36,546	36,546
M. Bonds issued	-	-	-	-	-
N. Other non-current debt	43,105	43,199	3,195	3,348	3,594
O. Non-current financial debt (L) + (M) + (N)	283,748	296,110	36,059	39,894	40,140
P. Non-current financial debt, net (O) - (K)	283,603	295,965	35,914	39,749	39,995
Q. Financial debt, net (J) + (P)	269,527	274,463	32,643	39,377	31,826

27.4 Reasons for the Offering and use of proceeds

The proceeds from the Capital Increase, net of related costs (estimated to be approximately EUR 14 million), are estimated to be approximately EUR 236 million.

The main reason for the Capital Increase is to meet the Company's aggregate financial requirements to participate in the Tenders. The Company intends to use the net proceeds from the offering of Shares in connection with the Capital Increase as follows:

- (i) to pay any amount due in connection with the award of the Rights following the Tenders and to purchase any Rights that may have been assigned to third parties, and to fund the purchase of equipment that is expected to become necessary as a result of the increase in the volume of business of the SNAI Points that may occur as a result of the Company being awarded or having purchased the Rights. The Company estimates that the aggregate payments for the above investments will amount to approximately EUR 200 million, a portion of which, that in relation to the new equipment to be purchase in 2007, will be covered by operating cash flows; and
- (ii) to repay early the Vendor Loan to the Former Licence-Holders that accept the early repayment offer.

The original nominal value of the Vendor Loan of EUR 79.9 million is expected to be repaid at a lower value, calculated on the basis of the actual net value of the Vendor Loan on the date of the repayment. The actual net value of the Vendor Loan as at 30 June 2006 was EUR 66.7 million. With the early repayment, the

Former Licence-Holders, many of whom are shareholders in SNAI Servizi, will receive funds they can use to capitalise SNAI Servizi, thus contributing to the partial repayment of the loan granted by UBI to be used to subscribe the Shares it is entitled to subscribe in option as a result of the Capital Increase.

The Company intends to use any net proceeds from the Capital Increase that remain after the above investments: (i) to reduce the Group's financial indebtedness, in accordance with the conditions of the existing loan agreements; and (ii) to fund other operational needs.

XXVIII. INFORMATION CONCERNING THE FINANCIAL INSTRUMENTS BEING OFFERED

28.1 Description of the financial instruments being offered

Based on the resolution adopted by the special meeting of shareholders on 14 September 2006, the Offering covers up to 100,000,000 Shares, with a nominal value of EUR 0.52 each.

In the event that all Shares are subscribed for, the Shares will represent approximately 52.83% of SNAI's share capital after the Capital Increase and issue of the Shares.

The ISIN code of the SNAI Shares listed on the MTA is IT0000074903

28.2 Applicable law

The Shares are issued pursuant to the Italian law.

28.3 Characteristics of the financial instruments being offered

The Shares are ordinary, nominative, freely transferable shares issued in dematerialised form and deposited in the centralized management system of Monte Titoli pursuant to Legislative Decree no. 213/1998 and the relevant implementation provisions.

The Company keeps and manages its shareholder register.

28.4 Currency

The Shares are issued in euro.

28.5 Rights associated with the Shares and procedures to exercise them

The Shares, with regular entitlement, will have the same characteristics and vest the same rights as the outstanding ordinary SNAI shares on the date of their issue.

The ordinary shares are freely transferable, indivisible and nominative.

Each share vests the right to vote in all ordinary and extraordinary meetings of the Company, as well as the other proprietary and administrative rights, in accordance with the applicable laws and provisions of the Company By-laws (the "By-laws").

Pursuant to Article 26 of the By-laws, 5% of the net profit reported in the duly approved accounts is allocated to the legal reserve until this reaches at least one-fifth of the share capital. The balance of the profit is distributed to the shareholders in proportion to their equity holdings, except as otherwise provided for by law or otherwise resolved by the shareholders and subject to the limitations indicated in Section One, Chapter XX, Paragraph 20.7 (Dividend Policy).

Dividends are paid by the banks designated by the board of directors starting on the date set by the board. Uncollected dividends will be escheated to the Company after five years from the date on which they are payable.

During the year, the board of directors may resolve to pay interim dividends in the cases, and in accordance with the procedures, provided for by law, especially in accordance with Article 2433-*bis* of the Civil Code.

Uncollected dividends will be escheated to the Company after five years from the date on which they are payable.

In the event of liquidation, the Shares have the right to participate in the distribution of the residual assets in accordance with the law.

28.6 Resolutions and authorisations

In a meeting held on 26 October 2006, SNAI's Board of Directors resolved, partly following the powers granted to it by the shareholders in a meeting held on 14 September 2006 in accordance with Article 2443 of the Civil Code, to increase the share capital, in severable form, by up to EUR 250 million, inclusive of a share premium, via a share issue with pre-emption rights for existing shareholders.

On 30 November 2006 the Board of Directors resolved to: (i) issue a maximum number of 61,718,860 ordinary shares; (ii) set a price of 4.05 euro for each share; (iii) offer existing SNAI shareholders the right to purchase 28 new Shares for every 25 Shares held.

The above resolutions by the Board of Directors were (i) recorded in the Companies register of Lucca, on 3 October 2006, as to the first and (ii) expected to be recorded on 4 December 2006, respectively.

28.7 Issue date

The Shares must be issued and paid for by 31 March 2007.

The Shares will be made available to investors, through authorised intermediaries participating in the centralised management system of Monte Titoli S.p.A., by the tenth trading day after the end of the Offering Period.

28.8 Limitations to the free transferability of the shares being offered

No limitations on the free transferability of the Shares are set by the By-laws or the terms and conditions of the issue.

The Shares are freely transferable and subject to the circulation regime provided for by the dematerialisation rules under Legislative Decree no. 213 dated 24 June 1998 and related implementation provisions.

28.9 Mandatory public offers to buy and/or residual acquisition public offers in connection with the financial instruments being offered

Upon issuance and subscription, the Shares will be subject, together with existing Shares outstanding, to the laws on mandatory public offers to buy and public offerings in accordance with the Consolidated Finance Act, as amended, and the relevant implementation regulations.

28.10 Public offers to buy and/or exchange

During both the previous and the current years no one has launched a public offer to buy and/or exchange SNAI Shares.

28.11 Taxation

This section describes the tax provisions applicable to the purchase, holding and sale of the Shares, in accordance with the Italian law.

This description is of a general nature and, consequently, may not apply to certain groups of investors. Moreover, it does not provide a full description of all the tax aspects related to the decision to buy, hold and sell Shares. In addition, this description does not analyse every aspect of Italian taxation that might be of interest to a Shareholder in special circumstances or subject to a special tax regime in accordance with the Italian law. This section is also founded on the assumption that the Company is a tax resident in Italy, is incorporated and engages in the business illustrated in this Prospectus. Any change in the Company's tax residence, in its organisational structure or in the way it operates may invalidate the description contained in this section.

This section is founded on tax laws in force in Italy as at the date of this Prospectus. Such laws may be amended, also effective retroactively. In any such a case, the Company will not update this section to reflect the new amendments, even though the information contained therein are no longer applicable as a result of such amendments.

A draft law dated 29 September 2006 delegates to the Government the reorganisation of the laws on investment income and other financial income, by the subsequent enactment of one or more applicable legislative decrees in this area, involving also a consolidated tax rate for such types of income of up to 20%.

Dividends

Shareholders resident in Italy

Pursuant to Legislative Decree no. 213 dated 24 June 1998, starting 1 January 1999 the shares of Italian companies traded on regulated markets must be issued in dematerialised form and managed in a centralised deposit system.

The dividends paid to individuals resident in Italy for tax purposes on the Shares held for reasons other than in connection with business activities, pursuant to Article 65 of the Decree of the President of the Republic no. 917 dated 22 December 1986 ("Consolidated Income Tax Law" known locally as "TUIR"), are subject to a different taxation regime, depending on whether they are generated in connection with non-qualified or qualified participations. Specifically, with respect to the Company, qualified participations involve either the ownership of shares, other than savings shares, securities and rights through which such participations can be acquired as represent total voting rights exercisable in meetings of shareholders in excess of 2% or a shareholding in excess of 5%.

Dividends paid to resident shareholders in connection with non-qualified participations are subject to a flat withholding tax (locally known as "substitute tax") while dividends paid in connection with qualified participations are subject to personal income tax ("IRPEF") by up to 40% of their amount.

The foregoing "substitute tax" is withheld by the institutions, where the securities are deposited, participating in the centralised system managed by Monte Titoli S.p.A. or by non-resident depository institutions participating directly or indirectly, through foreign central custodians, in Monte Titoli's centralised system. If the securities are deposited with such non-resident institutions, the "substitute tax" must be withheld by a tax representative in Italy appointed by such institutions pursuant to Article 27-ter, paragraph 8, of Decree

600/73. Such non-resident institutions are required to fulfil such duties in accordance with the same terms and responsibilities as resident institutions.

The “substitute tax” does not apply in the event that the investor has opted, with respect to the participations to which such dividends refer, to apply the regime applicable to assets under management (see section “Capital gains”, hereunder). In this case such dividends are subject to an ad hoc flat withholding tax of 12.5%.

A 27% “substitute tax” is applied to dividends distributed to foreign persons exempt from corporate income tax.

Dividends paid to the following entities are subject to the ad hoc taxes described below:

- (a) Business companies or entities (including permanent establishments in Italy of foreign entities that own the Shares): dividends are subject to the corporate income tax (“IRES”) rate of 33%, which is applicable to 5% of their amount;
- (b) Italian undertakings for collective investments in transferable securities (open- and closed-end mutual funds or SICAVs, collectively the “Funds”): dividends collected by the Funds are not subject to any withholding tax and are part of the operating result and is subject in general to an ad hoc 12.5% “substitute tax”;
- (c) Pension funds subject to the provisions of Articles 14, 14-*ter* and 14-*quarter*, paragraph 1, of Legislative Decree no. 124 dated 21 April 1993 (“Pension Funds”): dividends collected by the Pension Funds are not subject to any withholding tax and are part of the operating results, subject to an ad hoc 11% “substitute tax”;
- (d) Real estate investment funds: dividends collected by the real estate funds established in accordance with Article 37 of Legislative Decree no. 58 dated 24 February 1998 or Article 14-*bis* of Law no. 86 dated 25 January 1994. (“Real Estate Funds”) are not subject to any withholding tax or to any tax applicable to such Real Estate Funds.

Non-Italian resident shareholders

Dividends distributed to non resident shareholders that do not have a permanent business establishment in Italy are subject to a 27% “substitute tax” (this is applied in accordance with the rules described in the previous section on the dividends collected by individual shareholders resident in Italy in connection with qualified participations). The substitute tax rate applicable to dividends paid in connection with savings shares is 12.5%.

Non-resident shareholders, other than savings shareholders, are entitled to claim a tax credit, by up to four-ninths of the substitute tax, for foreign taxes paid on collected dividends by producing certification from the competent tax authority of the foreign country.

All of the above without prejudice to any reduced tax rates provided for by any applicable double taxation treaty. To this end, withholding agents responsible for collecting substitute taxes must obtain: (i) a declaration from the non resident party who is the actual beneficiary of the profits, stating the identification information of the actual beneficiary, that the requirements and the conditions to benefit from the application of the regime provided for by the treaty have been fulfilled, and (ii) a statement, from the Tax Authority of

the country where the actual beneficiary of the profits resides (which is valid until 31 March of the year after it has been presented), indicating that the recipient is a resident of that country. It should be noted that the benefits under the treaty are alternative to the above tax credit of four-ninths of the substitute tax.

Profits distributed to the mentioned non-resident shareholders are not subject to the substitute tax, provided that the conditions laid down by Article 27-*bis*, paragraph 1, of Decree 600/73, transposing in Italy the so-called Mother-Daughter Directive (Directive 90/435/EEC dated 23 July 1990, the “Directive”), are fulfilled, viz.:

- (i) the legal form of the recipient company is included in the list annexed to the Directive;
- (ii) the recipient company is a resident, for tax purposes, in one of the Member States of the European Union;
- (iii) the recipient company is subject in its State of residence to one of the taxes indicated in the Annex to the Directive, without the possibility of benefiting from option or exemption regimes (which are not limited territorially or time-wise);
- (iv) the recipient company holds at least a 25% equity investment in the company paying the dividends.

Directive 2003/123/EC dated 22 December 2003 reduced the above percentage to 20%, effective 1 January 2005. Even though the Member States were required to do so by 1 January 2005, to date Italy has yet to transpose this directive;

- (v) the equity investment has been held by the recipient company at least one year.

For the above purposes, the non-resident company must produce (a) a certificate issued by the competent tax authorities of the foreign state attesting that the non-resident company fulfils the above requisites as well as (b) documents confirming the fulfilment of the foregoing conditions.

The above regime applies also to UE companies controlled directly or indirectly by non-EU resident companies, provided that they can prove that they have not been established solely or mainly to benefit from such regime.

Capital gains

Resident shareholders

Capital gains, other than those achieved in connection with business operations, by individual investors resident in Italy as a result of the sale of Shares, as well as securities or rights by which Shares can be purchased, are subject to a different regime, depending on whether they are related to qualified or non-qualified participations, as defined in the “Dividends” paragraph.

For the above purposes, the participation percentage sold is determined taking into accounts all the sales carried out during any twelve-month period, before and after the sale, even though they might have taken place with different counterparties. This rule applies only starting from the date on which the participations, securities and rights held represent such a percentage of voting rights or participation as to constitute qualified participation.

In the case of sale or rights or securities by which participations can be acquired, in order to determine the percentage sold account is taken of the percentages of voting rights and participations related to the participations that might be obtained potentially through such securities and rights.

The capital gains achieved by resident individuals, not in relation to business operations, following the sale of non-qualified participations are subject to a 12.5% substitute tax. On the other hand, capital gains achieved in connection with qualified participations are subject to personal income tax applicable to up to 40% of their amount.

Concerning the application of the above substitute tax to non-qualified participations, in addition to the ordinary tax regime, where capital gains are shown in the income tax return, there are two alternative options available to the taxpayer, the so-called “Regime for assets under administration” and “Regime for assets under management”:

- (a) “Income tax return regime” — the taxpayer must report in the income tax return the capital gains achieved during the fiscal year and pay the substitute tax in accordance with the usual terms and conditions applicable to the payment of income taxes for the same period. If losses exceed gains, such excess amount can be deducted from, by up to the amounts of, the capital gains achieved in the following four fiscal years. This is the default regime, in the event that the taxpayer does not elect one of the regimes indicated below:
- (b) “Regime for assets under administration” — The substitute tax applies to each capital gain achieved as a result of the sale of Shares. Such separate taxation of capital gains can be applied provided that:
 - (i) the Shares owned are held in custody or are administered by banks, investment companies (SIMs) and other licensed intermediaries (hereinafter, the “Intermediaries”); and
 - (ii) the taxpayer has opted in writing for the Regime for assets under administration. This election is effective for the entire fiscal period and can be cancelled by the end of each calendar year, taking effect in the following fiscal year. For the purpose of applying the substitute tax, the intermediary is required to consider every capital gain in connection with each Share sale. The intermediary is required to pay such a substitute tax by the sixteenth day of the second month following that in which the tax was withheld from the amount paid to the investor. In case of loss from a Share sale, such a loss may be deducted from future capital gains on sales of securities held in the same portfolio, in the same fiscal period and for four fiscal years thereafter. The investor is not required to report the capital gain in its income tax return; and
- (c) “Regime for assets under management” — Realised and unrealised gains (inclusive of capital gains) on assets under management at the end of every fiscal year is subject to a 12.5% substitute tax withheld by the licensed intermediary. Any decrease in the portfolio value is deducted from gains on the same portfolio in the following four fiscal periods. The investor is not required to report the capital gain in its income tax return.

Capital gains by the entities indicated below are subject to the ad hoc regimes illustrated in the following notes:

- (i) Companies (including banks and insurance companies) — Capital gains achieved by companies resident in Italy (including permanent establishments in Italy of non-resident companies that own the Shares) following the sale of Shares are subject to corporate income tax (“IRES”) (a) for the entire amount in the period in which they are achieved, or (b) if the Shares have been entered as equity investments in the financial statements for the last three years, as elected by the taxpayer, in equal

instalments in the current year and in the four fiscal years thereafter. In certain cases, the mentioned capital gains can be subject to the regional business tax (“IRAP”), which is generally 4.25%.

Attention is called to the partial exemption of such capital gains (i.e. 91% and 84% starting in 2007) provided for by Article 87 TUIR. Such partial exemption applies when the relevant participations are (I) held continuously since the first day of the eighteenth month preceding that of the sale, considering the Shares sold on a LIFO basis; (II) recognised as equity investments in the financial statements for the year of purchase; (III) related to companies resident in a State or territory other than those with a favourable tax regime indicated in the ministerial decree issued pursuant to Article 167, paragraph 4, TUIR; (IV) related to companies conducting business operations in accordance with the definition of Article 55 TUIR. The requisites of (III) and (IV) must have been constantly fulfilled, at the time the capital gain is realised, at least since the beginning of the third fiscal year prior to the realisation of the capital gain. The requisite under (IV) does not apply, instead, to equity investments in companies whose shares are traded on regulated markets, such as the Company;

- (ii) Funds — Capital gains realised by Funds in connection with the Shares are part of the total gains accrued at the end of the period and are subject to a 12.5% substitute tax (see the “Dividends” section above).
- (iii) Pension funds — Capital gains realised by Pension Funds in connection with the Shares are part of the total gains accrued at the end of the period and are subject to an 11% substitute tax (see the “Dividends” section above).
- (iv) Real Estate Funds — Capital gains realised by Real Estate Funds in connection with the Shares are not subject to taxation (see the “Dividends” section above).

Non-resident shareholders

Pursuant to Article 23, paragraph 1(f) TUIR, capital gains realised by non-resident shareholders (without a permanent establishment in Italy to which the Shares can be linked) on the sale of equity investments in resident companies are generally taxable in Italy. On the other hand, the capital gains realised in Italy by the same shareholders on the sale of non-qualified participations traded on regulated markets, such as the Shares, wherever they are held, are not taxable in Italy.

Capital gains on qualified participations are included in the total income of the beneficiary by up to 40% of their amount.

This without prejudice to the application of any regime contemplated by double taxation treaties.

Tax on Italian stock exchange trades

Based on the provisions of Royal Decree no. 3278 dated 30 December 1923, as amended by Article 1 of Legislative Decree no. 435 dated 21 November 1997, as well as Ministerial Circular no. 106/E dated 21 December 2001, tax on Italian stock exchange trades is applied in the following cases at the rates indicated:

- trades executed directly between the parties or with the assistance of persons other than banks and other intermediaries licensed to provide investment services to the public, under Legislative Decree

no. 58 dated 24 February 1998, and stockbrokers (“Authorised Intermediaries”): EUR 0.072 for every EUR 51.65, or fraction thereof, of the Share price;

- trades executed: (a) between individuals and Authorised Intermediaries; or (b) between individuals, with the assistance of Authorised Intermediaries: EUR 0.0258 for every EUR 51.65, or fraction thereof, of the Share price; and
- trades executed between Authorised Intermediaries: EUR 0.0062 for every EUR 51.65, or fraction thereof, of the Share price.

The following trades are exempted from the tax on Italian stock exchange trades:

- trades executed on regulated markets;
- trades involving securities admitted to trading in regulated markets and executed outside those markets:
 - (a) between Authorised Intermediaries;
 - (b) between Authorised Intermediaries and non-resident investors;
 - (c) between Authorised Intermediaries, resident and non-resident, and undertakings for collective investments;
- trades related to initial public offerings for admission to trading on regulated markets or related to financial instruments already admitted to such markets;
- trades related to securities not admitted to trading on regulated markets and executed between non-resident investors and Authorised Intermediaries;
- trades for amounts not greater than EUR 206.58, and
- securities lending and any other transaction pursuing the same economic goal.

Any change in the custodian (e.g., Euroclear, Clearstream or Monte Titoli) that does not entail any transfer of Share ownership does not give rise to any tax on stock exchange trades.

Inheritance and gifts

Pursuant to Law-decree no. 262 of 29 September 2006, converted with amendments by means of law approved by the Parliament on 23 November 2006, publication of which in the Official Gazette is pending, the inheritance and gift tax have been re-introduced in the Italian legal system and applies to the net value of the assets (including the Shares) at different rates depending on the degree of relationship existing between donor and donee, or the deceased and the beneficiary heir, as the case may be.

In particular: (a) in case of spouse or of relatives in the direct line, taxes shall be applied at a 4% rate on the portion of value exceeding EUR 1,000,000 (considering inheritance and other gratuitous deeds previously effected, by discounting back the relating values);

Section Two – Information on the financial instruments offered

(b) in case of relatives up to the fourth degree of kinship (other than the spouse or the relatives in the direct line), of relatives-in-law in the direct or collateral line until the third degree of kinship, taxes shall be applied at a 6% rate and; (c) in case of other subjects, taxes shall be applied at a 8% rate.

XXIX. TERMS AND CONDITIONS OF THE OFFERING

29.1 Terms and conditions, statistics related to the Offering, planned timetable and procedures to for the purchase of the securities being offered

29.1.1 Condition precedent

The Offering is not subject to any condition precedent.

Pursuant to resolutions of the Board of Directors dated 26 October 2006 and 30 November 2006, the Offering is related to the Share Capital Increase to be subscribed and paid for by no later than 31 March 2007.

29.1.2 Amount, validity and procedure to participate in the Offering

The Offering concerns a maximum of 61,718,860 Shares, with nominal value of EUR 0.52 each, regular entitlement, being offered to all existing ordinary SNAI shareholders, without quantitative limitations, at the rate of 28 Shares for every 25 ordinary shares held.

Pre-emption rights may be exercised by the holders of such SNAI shares deposited with an authorised intermediary participating in Monte Titoli S.p.A. as circulate within the system in a dematerialised form.

Acceptance will take place by submitting a form to the authorised intermediaries participating in the centralised system managed by Monte Titoli S.p.A. Such a form will include at a minimum the elements to identify the transaction and the following information in easy-to-read characters:

- notice that the investor can receive a free copy of the Prospectus;
- reference to the “Risk Factors” section included in the Prospectus.

Acceptance of the Offering is irrevocable and may not be subject to any condition. The Company will not be responsible for any delay in the execution of the instructions of the applicants in connection with the acceptance of the Offering due to the authorised intermediaries. The intermediaries are responsible for checking the validity and accuracy of the acceptance forms received.

The Offering will be carried out solely on the Italian market.

The Offering is intended, and carries the same terms and conditions, for all SNAI shareholders. No Offering is made, directly or indirectly, in the United States of America, Canada, Japan and Australia or in any other country where such Offering would require the approval of the competent local authorities or would breach local rules and regulations (hereinafter “Other Countries”). Likewise, no acceptance form will be accepted from, directly or indirectly, the United States, Canada, Japan and Australia, or from any Other Countries where such acceptance is against local laws.

Specifically, the Offering is not made and may not be accepted, directly or indirectly, in or from the United States, Canada, Japan and Australia as well as in or from the Other Countries, through the services of any regulated market in the United States, Canada, Japan and Australia, as well as in the Other Countries, or through the postal services or through any other communication, domestic or international trade medium in any way related to the United States, Canada, Japan and Australia as well as the Other Countries (including, but not limited to, the postal network, facsimile and telex transmission, electronic mail, telephone, the

internet and/or any other computer medium or support). Likewise, forms submitted via such services, media and instruments will not be accepted.

Neither the Prospectus nor any other document related to the Offering will be forwarded, and must not be forwarded or otherwise sent, made available, distributed or shipped in or out of the United States of America, Canada, Japan and Australia, or in or out of the Other Countries. This restriction applies also to such SNAI shareholders as have an address in the United States of America, Canada, Japan and Australia, or in the Other Countries, or to such persons who are known to SNAI or its representatives to be fiduciaries, attorneys in fact or custodians of SNAI Shares on behalf of such beneficiary owners.

The recipients of such documents (including, among others, custodians, attorneys in fact and fiduciaries) must not forward or ship any of them in or out of the United States of America, Canada, Japan and Australia, or in or out of the Other Countries through the postal services or through any other communication, domestic or international trade medium in any way related to the United States, Canada, Japan and Australia or the Other Countries (including, but not limited to, the postal network, facsimile and telex transmission, electronic mail, telephone, the internet and/or any other computer medium or support).

The distribution, the forwarding or shipment of such documents in or out of the United States of America, Canada, Japan and Australia, or in or out of the Other Countries through the postal services or through any other communication, domestic or international trade medium in any way related to the United States, Canada, Japan and Australia or the Other Countries (including, but not limited to, the postal network, facsimile and telex transmission, electronic mail, telephone, the internet and/or any other computer medium or support) will prevent the approval of acceptance forms related to the Offering in connection with such documents.

The Shares are not and will not be registered in the United States of America pursuant to the Securities Act of 1933, as amended and supplemented, or pursuant to equivalent laws in force in the Other Countries.

29.1.3 Offering Period

The pre-emption rights entitling holder to purchase Shares must be exercised, under penalty of lapsing, starting Monday 4 December 2006 and through Thursday 21 December 2006 included with the authorised intermediaries participating in the centralised system managed by Monte Titoli S.p.A., in accordance with the instruction provided by Monte Titoli S.p.A. prior to the Offering period and through the purchase form prepared and made available by the custodian intermediaries.

Option Rights will be traded on the MTA between Monday 4 December 2006 and Thursday 14 December 2006 (included).

Option Rights that are not exercised by Thursday 21 December 2006 (included) will be offered on the MTA pursuant to Article 2441 paragraph 3 of the Civil Code.

The opening and final dates of the Offering on the stock exchange will be announced to the public via a press release disseminated pursuant to articles 66 and 89 of the CONSOB Regulations.

29.1.4 Cancellation and suspension of the Offering

The Offering will be irrevocable as of the date of the filing of the relevant notice with the Lucca Companies Register pursuant to article 2441, paragraph 2, of the Italian civil code.

If the Offering is not carried out in accordance with the terms called for by this Prospectus, the public will be notified by the day prior to that of the opening of the Offering Period via a notice published on il Sole 24 Ore.

29.1.5 Option to reduce the purchase of Shares

Participants in the Offering will not be able to reduce, in whole or in part, their purchase following acceptance.

29.1.6 Quantities of Shares that can be purchased in connection with the Offering

The Offering involves the issue of 61,718,860, with a nominal value of EUR 0.52 each, regular entitlement.

Existing SNAI shareholders will exercise pre-emption rights for the purchase of Shares, in proportion with their equity interest, at the rate of 28 Shares for every 25 Shares held.

There are no minimum or maximum quantities to be purchased.

29.1.7 Option to withdraw the request to purchase

Requests to purchase are irrevocable. Therefore, subscribers will not be able to withdraw their offer to purchase Shares.

29.1.8 Terms and conditions for the payment and delivery of the Shares

The Shares must be paid in full upon subscription. The Company does not expect investors to incur any additional costs or charges.

The Shares will be made available to subscribers by the tenth trading day after the end of the Offering Period though the authorised intermediaries participating in the centralised system managed by Monte Titoli S.p.A.

29.1.9 Results of the Offering

Since this is a rights issue the Company is required to inform the public and Consob about the results of the Offering.

By the day prior to the start of the offering of the unused rights on the stock exchange, a notice will be published on a national newspaper indicating the number of unused rights to be offered on the MTA pursuant to Article 2441, paragraph 3, of the Civil Code and the trading days on which such offering will occur.

The results of the Offering will be published within five days of the end of the Offering acceptance period via a notice on at least one national newspaper or via an ad hoc press release by the Company, including also the expected trading days on which the unused rights will be offered.

The Offering's final results will be published within five days of the Share subscription, at the end of the offering period of the unused rights, through a specific press release issued by the Company.

29.1.10 Unused pre-emption rights

Pre-emption rights must be exercised, under penalty of lapsing, during the Offering Period with the authorised intermediaries participating in the centralised system managed by Monte Titoli S.p.A. in

accordance with the instruction provided by Monte Titoli S.p.A. prior to the Offering period and through the purchase form prepared and made available by the custodian intermediaries.

Pre-emption rights will be traded on the stock market between Monday 24 July 2006 and Friday 4 August 2006 included.

Pre-emption rights unused by Friday 11 August 2006 included will be offered on the Italian Stock Exchange pursuant to article 2441 paragraph 3 of the Italian civil code.

29.1.11 Pre-emptive rights

The company By-laws do not provide pre-emptive rights on the Shares.

29.2 Allocation and allotment

29.2.1 Intended recipient of the Offering

The Shares will be offered to the Company's existing shareholders.

The Offering is intended, and carries the same terms and conditions, for all SNAI shareholders. However it is not launched, directly or indirectly, in the United States of America, Canada, Japan and Australia as well as in any other country where such Offering would require the approval of the competent local authorities or breaches local rules and regulations. Likewise, no acceptance form will be accepted which comes, directly or indirectly, from the United States, Canada, Japan and Australia, as well as from any Other Countries where such acceptance is against local laws. For further information, reference should be made to Section Two "INFORMATION RELATED TO THE FINANCIAL INSTRUMENTS OFFERED", Chapter XXIX, Paragraph 29.1.2.

29.2.2 Commitments of the main shareholders or the main members of the Company's governance, management and supervision bodies

Pursuant to the Pledge Agreements and the Commitment Letter, SNAI Servizi has undertaken not to reduce its equity interest in SNAI and, consequently, to subscribe the full amount of the Shares necessary to maintain its equity interest unchanged.

29.2.3 Disclosure prior to the allotment of the Shares

Not applicable.

29.2.4 Procedures to inform investors about the final allotment of the Shares

The notice of the final allotment of the Shares will be sent by the authorised intermediaries participating in the centralised system managed by Monte Titoli S.p.A.

29.2.5 Overallotment and Greenshoe

The Offering does not contemplate any overallotment or greenshoe possibility.

29.3 Setting of the Offering price

29.3.1 Price of the Shares being offered

In the meeting held on 30 November 2006 the Board of Directors resolved that the issue price of the Shares, inclusive of share premium, be set at EUR 4.05 per Share. In order to encourage SNAI's shareholders to subscribe for the new Shares, the price was set taking into account general market conditions and the market performance of the Company's Shares close to the time of the Offering. Investors will not bear any additional costs or charges.

29.3.2 Procedure to notify the Offering Price

Not applicable.

29.3.3 Limitation to pre-emption rights of the Company's shareholders

The Shares are offered to the shareholders in connection with their pre-emption rights, pursuant to Article 2441, paragraph 1, of the Civil Code. Thus, this paragraph is not applicable.

29.3.4 Difference between the subscription price of the Shares and price of the shares paid in the previous year or to be paid by the members of the board of directors, governance bodies, the board of statutory auditors and senior managers, or affiliated persons.

No member of the Company's Board of Directors and board of statutory auditors, and no senior manager or related person has carried out transactions involving SNAI shares during 2006 or 2005.

29.4 Placement and subscription

29.4.1 Coordinators for the Offering

As this is a rights issue there is no lead underwriter.

29.4.2 Organisations responsible for the financial service

Applications to subscribe to the Shares must be submitted via the intermediaries participating in the centralised system managed by Monte Titoli S.p.A.

29.4.3 Subscription commitments

For the successful completion of the Capital Increase, on 30 November 2006 the Company, on one side, and UBM, on the other, entered into the Subscription Undertaking Agreement whereby UBM undertook to underwrite a number of Shares equivalent to any unexercised option rights, after the Offering and the offering on the MTA, net of any Shares purchased by SNAI Servizi (as indicated below) pursuant to its own commitment. The bank's commitment is subject to the occurrence of certain conditions, which are typical in transactions of this type. The bank will not be required to fulfil this commitment in the presence of events and circumstances detrimental to the Group or to the market or in case the Company's representations and warranties are not truthful and accurate.

An additional notice to be published on at least one national newspaper and a notice disseminated pursuant to Article 66 of the CONSOB Regulations will make publicly available the information on any unexercised

option rights, at the end of the offering on the MTA, in relation to which UBM has undertaken to subscribe for the new Shares.

SNAI Servizi has undertaken to subscribe to all the Shares associated to its own pre-emption rights, which are prorated on the basis of the equity interest it has in the Company.

29.4.4 Date of the underwriting agreement

Not applicable.

XXX. ADMISSION TO TRADING AND TRADING PROCEDURES

30.1 Admission to trading

SNAI shares are admitted to official trading on the MTA. The Capital Increase will be implemented through the issue of a maximum of 61,718,860 Shares, which number of Shares is more than 10% of the number of Company shares of the same class already admitted to trading on the MTA. Therefore, pursuant to Article 57, paragraph 1a) of the CONSOB Regulations, the Company is exempt from the obligation to publish a new listing prospectus; therefore, this Prospectus constitutes the listing prospectus for the Shares to be newly issued to implement the Capital Increase.

Pursuant to Article 2.4.1. of the CONSOB Regulations, the Shares will be automatically officially admitted to trading on the MTA, equally to the currently outstanding Company shares.

30.2 Markets where the Company's shares are traded

SNAI's ordinary Shares are traded on the MTA.

30.3 Private placements

No private placements of SNAI ordinary shares are expected to be carried out during or around the Offering period, in view of public offerings or private placements.

30.4 Intermediaries

The Shares are offered directly by the Company, whose details are provided in Section One of this Prospectus.

As this is a rights issue there is no lead underwriter.

The Shares may be purchased via the exercise of pre-emption rights with all authorised intermediaries participating in the centralised system managed by Monte Titoli S.p.A.

30.5 Stabilisation

No stabilisation activity is expected to be carried out by the Company or by any of its appointees.

XXXI. SELLING SHAREHOLDERS

31.1 Seller

As of the date of this Prospectus there is no individual or legal person that intends to sell SNAI shares.

XXXII. EXPENSES RELATED TO THE OFFERING

32.1 Proceeds and expenses related to the Offering

Net proceeds expected from this Offering, provided that all the new shares are taken up, calculated on the basis of the Offering Price, will be disseminated via a supplementary notice published by SNAI on Il Sole 24 Ore by the day prior to the beginning of the Offering.

Total expenses related to the Share Capital Increase are estimated to be approximately EUR 14.0 million.

XXXIII. DILUTION

33.1 Amount and percentage of dilution

Since this is a rights issue there will not be immediate dilutive effects of the Offering for such SNAI shareholders as will take up the new shares that they are entitled to purchase.

33.2 Dilution effects in the event of failure to exercise option

In the event of failure to exercise their option rights, existing Company shareholders may experience a dilution of their equity interest by up to 47.17%, in case all the new Shares are subscribed for in full.

XXXIV. ADDITIONAL INFORMATION

34.1 Entities participating in the transaction

SNAI S.p.A., in its capacity as Company, is the only entity participating in the Capital Increase.

34.2 Audited data

Section Two of this Prospectus does not contain information, in addition to that included in Section One, that has been subject to a limited or a full audit.

34.3 Information from third parties, expert opinions and declaration of interest

Section Two of this Prospectus does not contain any opinion or report provided by experts.

XXXV. DOCUMENTS AVAILABLE TO THE PUBLIC

As of the date of this Prospectus, and for the Offering Period, the following documents (or copies thereof) are available at the Company's registered:

- a) the Company's Articles of Incorporation available at the Lucca Companies Register;
- b) the Company's By-laws, available in paper format at the Company's and Borsa Italiana's registered offices, and in electronic format at the Company's web site www.snai.it;
- c) the Company's stand-alone and consolidated financial statements together with the reports issued by the independent auditing firm and the board of statutory auditors, as at and for the years ended 31 December 2003, 31 December 2004 and 31 December 2005, available in paper format at the Company's and Borsa Italiana's registered offices, and in electronic format at the Company's web site www.snai.it;
- d) the accounts of the parent company, SNAI Servizi, as at and for the year ended 31 December 2005;
- e) the Company's six-month report as of and for the periods ended 30 June 2006 and 30 June 2005, available in paper format at the Company's and Borsa Italiana's registered offices, and in electronic format at the Company's web site www.snai.it;
- f) SNAI's consolidated pro-forma financial statements: (i) as at and for the year ended 31 December 2005; (ii) as at 30 June 2006 (reflecting the consolidated profit and loss account as shown in the six-month report for the period ended 30 June 2006) available at both the Company's registered office and web site, www.snai.it;

the documents made available to the public in accordance with the disclosure requirements of the Consolidated Finance Act may be viewed at the Company's registered office in Porcari (LU), Via L. Boccherini 39, on the Company's web site, www.snai.it, and at Borsa Italiana S.p.A., in Milan, Piazza Affari, 6.

XXXVI. ANNEXES

1. Audit reports by KPMG S.p.A. on SNAI's consolidated pro forma accounts as of and for the year ended 31 December 2005 and for the year ended 30 June 2006 (reflecting the consolidated profit and loss account as shown in the six-month report for the period ended 30 June 2006) as required by item 7 of Annex II to Regulation 809/2004/EC.
2. Audit reports by the auditing firm of KPMG on SNAI's stand-alone and consolidated accounts of the Company as at and for the years ended 31 December 2003, 31 December 2004, 31 December 2005 and as at and for the period ending on 30 June 2006.

Annexes

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Annex 1 Audit reports by KPMG S.p.A. on SNAI's consolidated pro forma accounts as at and for the year ended 31 December 2005 and for the period ended 30 June 2006



KPMG S.p.A.
 Revisione e organizzazione contabile
 Piazza Vittorio Veneto, 1
 00123 FIRENZE (FI)

Telefono: 055 212291
 Telefax: 055 215824
 e-mail: it-forensic@kpmg.it

Relazione della società di revisione sull'esame della situazione patrimoniale e del conto economico consolidati pro-forma del Gruppo SNAI per l'esercizio chiuso al 31 dicembre 2005

Al Consiglio di Amministrazione della
 SNAI S.p.A.

1. Abbiamo esaminato i prospetti relativi alla situazione patrimoniale consolidata ed al conto economico consolidato pro-forma ("prospetti consolidati pro-forma") corredati delle note esplicative della SNAI S.p.A. e società controllate ("Gruppo SNAI") per l'esercizio chiuso al 31 dicembre 2005, redatti sulla base delle ipotesi descritte nelle note esplicative per riflettere retroattivamente gli effetti dell'operazione straordinaria relativa all'acquisizione di 450 rami d'azienda inerenti concessioni ippiche e sportive (i "Rami d'Azienda").

Tali prospetti consolidati pro-forma derivano dai dati storici consolidati relativi al bilancio consolidato del Gruppo SNAI chiuso al 31 dicembre 2005, dai dati storici patrimoniali ed economici aggregati dei Rami d'Azienda, e dalle scritture di rettifica pro-forma ad essi applicate e da noi esaminate.

Il bilancio consolidato del Gruppo SNAI al 31 dicembre 2005 è stato da noi assoggettato a revisione contabile a seguito della quale è stata emessa la nostra relazione datata 28 aprile 2006.

I dati storici patrimoniali ed economici aggregati dei Rami d'Azienda sono stati elaborati dagli amministratori di SNAI S.p.A. sulla base delle informazioni in loro possesso, ottenendo conferma diretta degli stessi da parte dall'ente statale competente in materia di giochi e scommesse.

I bilanci delle società cedenti i Rami d'Azienda non sono stati assoggettati a revisione contabile completa o limitata da parte nostra né di altra società di revisione. Nell'ambito del lavoro svolto ai fini del presente incarico, non abbiamo potuto svolgere tutte le procedure ritenute necessarie per una revisione contabile completa o limitata, in quanto non è stato possibile ottenere una adeguata conoscenza dei sistemi contabili e di controllo interno delle società cedenti i singoli Rami d'Azienda. Abbiamo pertanto svolto le verifiche ritenute necessarie per le finalità del presente incarico ed indicate nel seguito:

- colloqui con gli amministratori di SNAI S.p.A. al fine di ottenere un'adeguata conoscenza dei sistemi informativi utilizzati per elaborare i dati storici economici dei Rami d'Azienda, e dei criteri contabili utilizzati per la registrazione di ricavi e costi delle varie tipologie di scommesse gestite dai Rami d'Azienda acquisiti;



SNAI S.p.A.

Relazione sull'esame dei prospetti consolidati pro-forma
31 dicembre 2005

- analisi della comunicazione circa l'ammontare dei dati storici patrimoniali ed economici aggregati inviata dall'ente statale competente in materia di giochi e scommesse;
- verifica della corrispondenza, su base campionaria, dei dati storici patrimoniali con gli atti di ripetizione sottoscritti da SNAI S.p.A. ed i soggetti cedenti i Rami d'Azienda.

2. I prospetti consolidati pro-forma, corredati delle note esplicative e relativi all'esercizio chiuso al 31 dicembre 2005, sono stati predisposti ai fini di quanto richiesto dall'art. 94 del D. Lgs. 24 febbraio 1998 n. 58 e dal Regolamento n. 809/2004 CE.

L'obiettivo della redazione dei prospetti consolidati pro-forma è quello di rappresentare, secondo criteri di valutazione coerenti con i dati storici e conformi alla normativa di riferimento, gli effetti sull'andamento economico e sulla situazione patrimoniale del Gruppo SNAI dell'acquisizione sopra menzionata, come se essa fosse virtualmente avvenuta il 31 dicembre 2005 e, per quanto si riferisce ai soli effetti economici, al 1 gennaio 2005. Tuttavia, va rilevato che qualora l'acquisizione in oggetto fosse realmente avvenuta alla data ipotizzata, non necessariamente si sarebbero ottenuti gli stessi risultati rappresentati nei prospetti pro-forma.

La responsabilità della redazione dei prospetti consolidati pro-forma compete agli amministratori della SNAI S.p.A. E' nostra la responsabilità della formulazione di un giudizio professionale sulla ragionevolezza delle ipotesi adottate dagli amministratori per la redazione dei prospetti consolidati pro-forma e sulla correttezza della metodologia da essi utilizzata per l'elaborazione dei medesimi prospetti. Inoltre è nostra la responsabilità della formulazione di un giudizio professionale sulla correttezza dei criteri di valutazione e dei principi contabili utilizzati.

3. Il nostro esame è stato svolto secondo i criteri raccomandati dalla Consob nella Raccomandazione n. DEM/1061609 del 9 agosto 2001 per la verifica dei dati pro-forma ed effettuando i controlli che abbiamo ritenuto necessari per le finalità dell'incarico conferitoci.
4. Dal nostro lavoro nulla è emerso che ci induca a ritenere che le ipotesi di base adottate dagli amministratori della SNAI S.p.A. per la redazione dei prospetti relativi alla situazione patrimoniale consolidata e al conto economico consolidato pro-forma relativi all'esercizio chiuso al 31 dicembre 2005, corredati delle note esplicative, al fine di riflettere gli effetti derivanti dall'acquisizione sopra descritta, non siano ragionevoli, che la metodologia utilizzata per l'elaborazione dei predetti prospetti non sia stata applicata



SNAT S.p.A.
Relazione sull'esame dei prospetti consolidati pro-forma
31 dicembre 2005

correttamente per le finalità informative descritte in precedenza e, infine, che nella redazione dei medesimi prospetti siano stati utilizzati criteri di valutazione e principi contabili non coerenti.

Firenze, 7 novembre 2006

KPMG S.p.A.

Riccardo Cecchi
Socio



svolto le verifiche ritenute necessarie per le finalità del presente incarico ed indicate nel seguito:

- colloqui con gli amministratori di SNAI S.p.A. al fine di ottenere un'adeguata conoscenza dei sistemi informativi utilizzati per elaborare i dati storici economici dei Rami d'Azienda, e dei criteri contabili utilizzati per la registrazione di ricavi e costi delle varie tipologie di scommesse gestite dai Rami d'Azienda acquisiti;
- analisi della comunicazione circa l'ammontare dei dati storici economici aggregati inviata dall'ente statale competente in materia di giochi e scommesse.

- 2 Il prospetto consolidato pro-forma, corredato delle note esplicative e relativo al semestre chiuso al 30 giugno 2006, è stato predisposto ai fini di quanto richiesto dall'art. 94 del D. Lgs. 24 febbraio 1998 n. 58 e dal Regolamento n. 809/2004 CE.

L'obiettivo della redazione dei prospetti consolidati pro-forma è quello di rappresentare, secondo criteri di valutazione coerenti con i dati storici e conformi alla normativa di riferimento, gli effetti sull'andamento economico del Gruppo SNAI dell'acquisizione sopra menzionata, come se essa fosse virtualmente avvenuta il 1 gennaio 2006. Tuttavia, va rilevato che qualora l'acquisizione in oggetto fosse realmente avvenuta alla data ipotizzata, non necessariamente si sarebbero ottenuti gli stessi risultati rappresentati nei prospetti pro-forma.

La responsabilità della redazione del prospetto consolidato pro-forma compete agli amministratori della SNAI S.p.A.. E' nostra la responsabilità della formulazione di un giudizio professionale sulla ragionevolezza delle ipotesi adottate dagli amministratori per la redazione del prospetto consolidato pro-forma e sulla correttezza della metodologia da essi utilizzata per l'elaborazione del medesimo prospetto. Inoltre è nostra la responsabilità della formulazione di un giudizio professionale sulla correttezza dei criteri di valutazione e dei principi contabili utilizzati.

- 3 Il nostro esame è stato svolto secondo i criteri raccomandati dalla Consob nella Raccomandazione n. DEM/1061609 del 9 agosto 2001 per la verifica dei dati pro-forma ed effettuando i controlli che abbiamo ritenuto necessari per le finalità dell'incarico conferitoci.
- 4 Dal nostro lavoro nulla è emerso che ci induca a ritenere che le ipotesi di base adottate dagli amministratori della SNAI S.p.A. per la redazione del prospetto relativo al conto economico consolidato pro-forma del semestre chiuso al 30 giugno 2006, corredato delle note esplicative, al fine di riflettere gli effetti derivanti dall'acquisizione sopra descritta, non siano ragionevoli, che la metodologia utilizzata per l'elaborazione del predetto prospetto non sia stata applicata correttamente per le finalità informative descritte in



SNAI S.p.A.
Relazione sull'esame del prospetto consolidato pro-forma
30 giugno 2006

precedenza e, infine, che nella redazione del medesimo prospetto siano stati utilizzati criteri di valutazione e principi contabili non corretti.

Firenze, 7 novembre 2006

KPMG S.p.A.

Riccardo Cecchi
Socio

Annex 2 Reports by the independent auditors on the Company's stand-alone and consolidated accounts as of and for the years ended 31 December 2003, 31 December 2004 and 31 December 2005 as well as for the first half of 2006.



Revisione e organizzazione contabile

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Relazione della società di revisione ai sensi dell'art. 156 del D.Lgs. 24 febbraio 1998, n. 58

Agli Azionisti della
SNAI S.p.A.

- 1 Abbiamo svolto la revisione contabile del bilancio d'esercizio della SNAI S.p.A. chiuso al 31 dicembre 2003. La responsabilità della redazione del bilancio compete agli amministratori della SNAI S.p.A.. E' nostra la responsabilità del giudizio professionale espresso sul bilancio e basato sulla revisione contabile.
- 2 Il nostro esame è stato condotto secondo i principi e i criteri per la revisione contabile raccomandati dalla Consob. In conformità ai predetti principi e criteri, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio d'esercizio sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.

Per il giudizio relativo al bilancio dell'esercizio precedente, i cui dati sono presentati ai fini comparativi secondo quanto richiesto dalla legge, si fa riferimento alla relazione da noi emessa in data 30 aprile 2003.

- 3 A nostro giudizio, il bilancio d'esercizio della SNAI S.p.A. al 31 dicembre 2003 è conforme alle norme che ne disciplinano i criteri di redazione; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria e il risultato economico della Società.
- 4 Esponiamo il seguente richiamo di informativa:
 - 4.1 Come indicato nella relazione sull'andamento della gestione, nel corso dell'esercizio 2003 la Società ha migliorato il proprio livello di indebitamento finanziario netto ed è tornata a conseguire utili grazie all'attuazione degli interventi previsti nel piano di ristrutturazione, avviato già dall'esercizio 2001 e volto alla rifocalizzazione dell'attività sul core business. Gli Amministratori indicano che gli interventi di ristrutturazione stanno per essere completati, che gli utili conseguiti nell'esercizio sono stati determinati anche dall'esito favorevole di alcune operazioni non ripetitive e che l'attività caratteristica sarà in grado di mantenere la situazione di equilibrio economico e continuare a generare flussi di cassa adeguati a fronteggiare le obbligazioni della Società.



KPMG S.p.A. è un'entità di diritto italiano.

Stato Italiano del Registro Imposte
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In particolare, il contesto operativo ed i principali accadimenti gestionali dell'esercizio 2003 descritti dagli Amministratori, sono così sintetizzabili:

- nei primi mesi dell'esercizio 2003 è diventata operativa la fusione per incorporazione nella Società delle società partecipate SNAI Servizi Spazio Gioco S.r.l., SNAIcom S.r.l. e Logisistem S.r.l., completata il 12 dicembre 2002. Gli Amministratori segnalano che tale operazione di concentrazione aziendale ha rappresentato una tappa fondamentale nella realizzazione del piano di ristrutturazione, comportando una conseguente razionalizzazione nella produzione di beni e servizi ed un correlato significativo risparmio di costi che è emerso nel corso dell'esercizio 2003 e che ritengono continuerà a produrre benefici effetti anche negli esercizi successivi;
- il consolidamento del debito bancario della Società, perfezionatosi nei primi mesi dell'esercizio 2003 alle condizioni descritte dagli Amministratori, ha rappresentato un passo significativo nell'attuazione del piano di ristrutturazione, costituendo il necessario contesto finanziario di medio-lungo periodo in cui il piano stesso e le linee strategiche di sviluppo della Società possono attuarsi. Gli Amministratori segnalano che i parametri contrattuali di garanzia sono stati rispettati e che le prime due rate andate sinora in scadenza sono state regolarmente onorate;
- l'esercizio 2003 è stato caratterizzato da un notevole impulso al riassetto normativo del settore ed all'ampliamento dell'offerta di gioco, le cui implicazioni sono descritte nella relazione sull'andamento della gestione. Gli Amministratori indicano che il sostanziale e complessivo rinnovamento del quadro normativo di riferimento consente ai Punti di Accettazione Scommesse di operare in una più corretta logica di mercato che ripristina le complessive potenzialità di sviluppo economico del settore e che, nel medio periodo, potrà generare significative opportunità di fatturato;
- la Società vanta crediti verso la controllante SNAI Servizi S.r.l. ammontanti al 31 dicembre 2003 a € 4,6 milioni circa. Nella relazione sull'andamento della gestione gli Amministratori indicano le modalità di regolazione degli stessi e che i tempi previsti di recupero sono correlati alla operazione di ricapitalizzazione in corso della controllante;
- il 24 giugno 2003 è stato definito un accordo transattivo tra la Società e la allora società collegata coreana Tiger Pool SNAI Inc. con la conseguente rideterminazione con la società controllata TESEO S.r.l. in liquidazione dei prezzi di trasferimento del software successivamente ceduto alla società coreana. Gli effetti economici e finanziari di tali atti transattivi, unitamente a quelli conseguiti a seguito della definizione dell'arbitrato in corso con Lottomatica S.p.A., sono descritti nella nota integrativa;



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Relazione della società di revisione
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- le trattative condotte con primari operatori del settore immobiliare, dopo aver portato alla stipula di accordi in esclusiva con importanti società internazionali per la cessione di alcune aree di Milano S. Siro di proprietà della Società e delle controllate Trenno e Valcarenga, non hanno dato gli esiti desiderati. Gli Amministratori segnalano che, nell'ambito del progetto di valorizzazione del comprensorio ippico, la Società ha definito accordi preliminari finalizzati anche alla possibilità di pervenire ad eventuali trattative di vendita di singoli lotti di patrimoni immobiliari.

Pur permanendo aree di aleatorietà relative alla realizzazione degli eventi futuri previsti nel piano di ristrutturazione predisposto dagli Amministratori, le azioni poste in essere per consolidare il miglioramento della situazione patrimoniale e finanziaria si basano su ragionevoli presupposti.

Firenze, 16 aprile 2004

KPMG S.p.A.

Roberto Todeschini
Socio



Revisione e organizzazione contabile

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Relazione della società di revisione ai sensi dell'art. 156 del D.Lgs. 24 febbraio 1998, n. 58

Agli Azionisti della
SNAI S.p.A.

- 1 Abbiamo svolto la revisione contabile del bilancio consolidato del Gruppo SNAI chiuso al 31 dicembre 2003. La responsabilità della redazione del bilancio compete agli amministratori della SNAI S.p.A. E' nostra la responsabilità del giudizio professionale espresso sul bilancio e basato sulla revisione contabile.
- 2 Il nostro esame è stato condotto secondo i principi e i criteri per la revisione contabile raccomandati dalla Consob. In conformità ai predetti principi e criteri, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio consolidato sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.

Per il giudizio relativo al bilancio consolidato dell'esercizio precedente, i cui dati sono presentati ai fini comparativi secondo quanto richiesto dalla legge, si fa riferimento alla relazione da noi emessa in data 30 aprile 2003.

- 3 A nostro giudizio, il bilancio consolidato del Gruppo SNAI al 31 dicembre 2003 è conforme alle norme che ne disciplinano i criteri di redazione; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria e il risultato economico del Gruppo.
- 4 Esponiamo il seguente richiamo di informativa:
 - 4.1 Come indicato nella relazione sull'andamento della gestione, nel corso dell'esercizio 2003 il Gruppo ha migliorato il proprio livello di indebitamento finanziario netto ed è tornato a conseguire utili grazie all'attuazione degli interventi previsti nel piano di ristrutturazione, avviato già dall'esercizio 2001 e volto alla rifocalizzazione dell'attività sul core business. Gli Amministratori indicano che gli interventi di ristrutturazione stanno per essere completati, che gli utili conseguiti nell'esercizio sono stati determinati anche dall'esito favorevole di alcune operazioni non ripetitive e che l'attività caratteristica sarà in grado di mantenere la situazione di equilibrio economico e continuare a generare flussi di cassa adeguati a fronteggiare le obbligazioni del Gruppo.



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Giornale del 1998
Registrazione Tribunale di Firenze n. 200/1998
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n. 200/1998
P. I. n. 0123456789
Cap. Soc. 1.000.000.000
Sede Legale: Via Vittorio Veneto, 10 - 50123 Firenze - FI



In particolare, il contesto operativo ed i principali accadimenti gestionali dell'esercizio 2003 descritti dagli Amministratori, sono così sintetizzabili:

- nei primi mesi dell'esercizio 2003 è diventata operativa la fusione per incorporazione nella Capogruppo delle società partecipate SNAI Servizi Spazio Gioco S.r.l., SNAIcom S.r.l. e Logisistem S.r.l., completata il 12 dicembre 2002. Gli Amministratori segnalano che tale operazione di concentrazione aziendale ha rappresentato una tappa fondamentale nella realizzazione del piano di ristrutturazione, comportando una conseguente razionalizzazione nella produzione di beni e servizi ed un correlato significativo risparmio di costi che è emerso nel corso dell'esercizio 2003 e che ritengono continuerà a produrre benefici effetti anche negli esercizi successivi;
- il consolidamento del debito bancario della Capogruppo, perfezionatosi nei primi mesi dell'esercizio 2003 alle condizioni descritte dagli Amministratori, ha rappresentato un passo significativo nell'attuazione del piano di ristrutturazione, costituendo il necessario contesto finanziario di medio-lungo periodo in cui il piano stesso e le linee strategiche di sviluppo del Gruppo possono attuarsi. Gli Amministratori segnalano che i parametri contrattuali di garanzia sono stati rispettati e che le prime due rate andate sinora in scadenza sono state regolarmente onorate;
- l'esercizio 2003 è stato caratterizzato da un notevole impulso al riassetto normativo del settore ed all'ampliamento dell'offerta di gioco, le cui implicazioni sono descritte nella relazione sull'andamento della gestione. Gli Amministratori indicano che il sostanziale e complessivo rinnovamento del quadro normativo di riferimento consente ai Punti di Accettazione Scommesse di operare in una più corretta logica di mercato che ripristina le complessive potenzialità di sviluppo economico del settore e che, nel medio periodo, potrà generare significative opportunità di fatturato;
- il Gruppo vanta crediti verso la controllante SNAI Servizi S.r.l. ammontanti al 31 dicembre 2003 a € 4,7 milioni circa. Nella relazione sull'andamento della gestione gli Amministratori indicano le modalità di regolazione degli stessi e che i tempi previsti di recupero sono correlati alla operazione di ricapitalizzazione in corso della controllante;
- il 24 giugno 2003 è stato definito un accordo transattivo tra la Capogruppo e la allora società collegata coreana Tiger Pool SNAI Inc. con la conseguente rideterminazione con la società controllata TESEO S.r.l. in liquidazione dei prezzi di trasferimento del software successivamente ceduto alla società coreana. Gli effetti economici e finanziari di tali atti transattivi, unitamente a quelli conseguiti a seguito della definizione dell'arbitrato in corso con Lottomatica S.p.A., sono descritti nella nota integrativa;



- trattative condotte con primari operatori del settore immobiliare, dopo aver portato alla stipula di accordi in esclusiva con importanti società internazionali per la cessione di alcune aree di Milano S. Siro di proprietà della Capogruppo e delle controllate Trenno e Valcarenga, non hanno dato gli esiti desiderati. Gli Amministratori segnalano che, nell'ambito del progetto di valorizzazione del comprensorio ippico, la Capogruppo ha definito accordi preliminari finalizzati anche alla possibilità di pervenire ad eventuali trattative di vendita di singoli lotti di patrimoni immobiliari.

Pur permanendo aree di aleatorietà relative alla realizzazione degli eventi futuri previsti nel piano di ristrutturazione predisposto dagli Amministratori, le azioni poste in essere per consolidare il miglioramento della situazione patrimoniale e finanziaria si basano su ragionevoli presupposti.

Firenze, 16 aprile 2004

KPMG S.p.A.

Roberto Todeschini
Socio



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Relazione della società di revisione ai sensi dell'art. 156 del D.Lgs. 24 febbraio 1998, n. 58

Agli Azionisti della
 SNAI S.p.A.

1. Abbiamo svolto la revisione contabile del bilancio d'esercizio della SNAI S.p.A. chiuso al 31 dicembre 2004. La responsabilità della redazione del bilancio compete agli amministratori della SNAI S.p.A. E' nostra la responsabilità del giudizio professionale espresso sul bilancio e basato sulla revisione contabile.
2. Il nostro esame è stato condotto secondo i principi e i criteri per la revisione contabile raccomandati dalla Consob. In conformità ai predetti principi e criteri, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio d'esercizio sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.

Per il giudizio relativo al bilancio dell'esercizio precedente, i cui dati sono presentati ai fini comparativi secondo quanto richiesto dalla legge, si fa riferimento alla relazione da noi emessa in data 16 aprile 2004.

3. A nostro giudizio, il bilancio d'esercizio della SNAI S.p.A. al 31 dicembre 2004 è conforme alle norme che ne disciplinano i criteri di redazione; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria e il risultato economico della Società.
4. Esponiamo i seguenti richiami di informativa:
 - 4.1. Come indicato nella relazione sulla gestione, nel corso dell'esercizio 2004 la Società ha diminuito l'indebitamento finanziario netto, rispettato il piano di rimborso conseguente al consolidamento a medio-lungo termine del debito bancario e conseguito utili dalla gestione caratteristica. Gli amministratori indicano le azioni intraprese a completamento del piano di ristrutturazione e ritengono che l'attività caratteristica sarà in grado di mantenere la situazione di equilibrio economico e di continuare a generare flussi di cassa adeguati a fronteggiare le obbligazioni della Società.

KPMG S.p.A. is Italian limited liability company incorporated in a member firm of KPMG International, a Swiss corporation.

Italiano Antonio Sarti Bergamo
 Giuseppe Scudato Roberto Crotti
 Carlo Pizzoni Simone Lupat
 Luigi Novati Fulvio Pizzardi
 Piero Petrighi Flavio Ratti
 Tullio Zanoni Tullio Zilli
 Gianni Zorini

Stato per azioni
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 Euro 5.222.811,80 i.v.
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 20124 Milano MI



SNAI S.p.A.
Relazione della società di revisione
31 dicembre 2004

- 4.2 Come indicato nella nota integrativa, la Società vanta crediti verso la controllante SNAI Servizi S.r.l. ammontanti al 31 dicembre 2004 ad € 2,6 milioni, rispetto ad € 4,7 milioni al 31 dicembre 2003. Il pieno recupero di tali crediti è correlato all'incasso dei decimi sottoscritti e non ancora versati da parte dei soci della controllante nell'ambito dell'operazione di ricapitalizzazione effettuata dalla stessa.
- 4.3 Come indicato nella nota integrativa, la controllata Società Treviso S.p.A., valutata con il metodo del patrimonio netto, ha in essere vertenze con l'I.N.P.S. per contributi non versati in esercizi precedenti. Nella relazione sulla gestione gli amministratori descrivono analiticamente lo stato delle singole vertenze ed il processo valutativo effettuato per la stima delle passività iscritte in bilancio.
- 4.4 Come indicato nella relazione sulla gestione, il quadro istituzionale del comparto ippico, nell'ambito del quale opera la controllata Società Treviso S.p.A., è in evoluzione. La convenzione tra le Società di Corse e l'U.N.I.R.E., volta a disciplinare i rapporti economici per la remunerazione di servizi resi su delega dell'ente di stato, è scaduta nel 1999 ed è stata prorogata dall'ente fino al 29 febbraio 2004. Gli amministratori descrivono nella relazione sulla gestione la situazione di incertezza normativa attualmente in essere, le loro considerazioni in merito al riconoscimento dei ricavi connessi alla prestazione di tali servizi e le possibili evoluzioni future.
- 4.5 La Società, come richiesto dalla legge, ha inserito nella nota integrativa i dati essenziali dell'ultimo bilancio della società che esercita su di essa l'attività di direzione e coordinamento. Il giudizio sul bilancio della SNAI S.p.A. non si estende a tali dati.

Firenze, 26 aprile 2005

KPMG S.p.A.

Riccardo Cecchi
Socio



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Relazione della società di revisione ai sensi dell'art. 156 del D.Lgs. 24 febbraio 1998, n. 58

Agli Azionisti della
 SNAI S.p.A.

1. Abbiamo svolto la revisione contabile del bilancio consolidato del Gruppo SNAI chiuso al 31 dicembre 2004. La responsabilità della redazione del bilancio compete agli amministratori della SNAI S.p.A. E' nostra la responsabilità del giudizio professionale espresso sul bilancio e basato sulla revisione contabile.
2. Il nostro esame è stato condotto secondo i principi e i criteri per la revisione contabile raccomandati dalla Consob. In conformità ai predetti principi e criteri, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio consolidato sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenute nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.

Per il giudizio relativo al bilancio consolidato dell'esercizio precedente, i cui dati sono presentati ai fini comparativi secondo quanto richiesto dalla legge, si fa riferimento alla relazione da noi emessa in data 16 aprile 2004.

3. A nostro giudizio, il bilancio consolidato del Gruppo SNAI al 31 dicembre 2004 è conforme alle norme che ne disciplinano i criteri di redazione; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria e il risultato economico del Gruppo.
4. Esponiamo i seguenti richiami di informativa:
 - 4.1. Come indicato nella relazione sulla gestione, nel corso dell'esercizio 2004 il Gruppo ha diminuito l'indebitamento finanziario netto, rispettato il piano di rimborso conseguente al consolidamento a medio-lungo termine del debito bancario e conseguito utili dalla gestione caratteristica. Gli amministratori indicano le azioni intraprese a completamento del piano di ristrutturazione e ritengono che l'attività caratteristica sarà in grado di mantenere la situazione di equilibrio economico e continuare a generare flussi di cassa adeguati a fronteggiare le obbligazioni del Gruppo.

KPMG S.p.A., ex Italian member entity, is a member firm of KPMG International, a Swiss entity.

Italian member entity
 Società per azioni
 Capitale sociale
 Euro 8.202.011,00 i.v.
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 Codice Fiscale 02070860159
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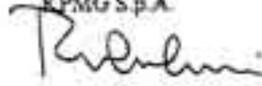
Italian member entity
 Società per azioni
 Capitale sociale
 Euro 8.202.011,00 i.v.
 Registro Imprese Milano e
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 P.IVA 02070860159
 Sede legale: Via Olcese, 20
 20124 Milano MI



Gruppo SNAI
Relazione della società di revisione
31 dicembre 2004

- 4.2 Come indicato nella nota integrativa, il Gruppo vanta crediti verso la controllante SNAI Servizi S.r.l., ammontanti al 31 dicembre 2004 ad € 2,7 milioni, rispetto ad € 4,7 milioni al 31 dicembre 2003. Il pieno recupero di tali crediti è correlato all'incasso dei decimi sottoscritti e non ancora versati da parte dei soci della controllante nell'ambito dell'operazione di ricapitalizzazione effettuata dalla stessa.
- 4.3 Come indicato nella nota integrativa, le immobilizzazioni materiali detenute in base a contratti di leasing finanziario sono contabilizzate secondo quanto consentito dai principi contabili di riferimento, ovvero mediante l'addebito al conto economico dei canoni di leasing; l'indicazione dell'impegno per i canoni a scadere tra i conti d'ordine e l'iscrizione del cospite tra le immobilizzazioni solo al momento dell'esercizio dell'opzione del riscatto. Gli amministratori descrivono nella nota integrativa l'effetto sul patrimonio netto, sull'indebitamento finanziario netto e sul risultato dell'esercizio del Gruppo che sarebbe derivato dalla contabilizzazione delle immobilizzazioni detenute con contratto di leasing finanziario secondo il trattamento raccomandato dai principi contabili di riferimento per la redazione del bilancio consolidato.
- 4.4 Come indicato nella nota integrativa, la controllata Società Tremo S.p.A., consolidata integralmente, ha in essere vertenze con l'IN.P.S. per contributi non versati in esercizi precedenti. Nella relazione sulla gestione gli amministratori descrivono analiticamente lo stato delle singole vertenze ed il processo valutativo effettuato per la stima delle passività iscritte nel bilancio consolidato.
- 4.5 Come indicato nella relazione sulla gestione, il quadro istituzionale del comparto ippico, nell'ambito del quale opera la controllata Società Tremo S.p.A., è in evoluzione. La convenzione tra le Società di Corse e l'UN.I.R.E., volta a disciplinare i rapporti economici per la remunerazione di servizi resi su delega dell'ente di stato, è scaduta nel 1999 ed è stata prorogata dall'ente fino al 29 febbraio 2004. Gli amministratori descrivono nella relazione sulla gestione la situazione di incertezza normativa attualmente in essere, le loro considerazioni in merito al riconoscimento dei ricavi connessi alla prestazione di tali servizi e le possibili evoluzioni future.
- 4.6 Il gruppo SNAI, come richiesto dalla legge, ha inserito nella nota integrativa i dati essenziali dell'ultimo bilancio della società che esercita su di esso l'attività di direzione e coordinamento. Il giudizio sul bilancio del Gruppo SNAI non si estende a tali dati.

Firenze, 26 aprile 2005

KPMG S.p.A.

Riccardo Cecchi
Socio



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Relazione della società di revisione ai sensi dell'art. 156 del D.Lgs. 24 febbraio 1998, n. 58

Agli Azionisti della
 SNAI S.p.A.

- 1 Abbiamo svolto la revisione contabile del bilancio d'esercizio della SNAI S.p.A. chiuso al 31 dicembre 2005. La responsabilità della redazione del bilancio compete agli amministratori della SNAI S.p.A.. E' nostra la responsabilità del giudizio professionale espresso sul bilancio e basato sulla revisione contabile.
 - 2 Il nostro esame è stato condotto secondo i principi e i criteri per la revisione contabile raccomandati dalla Consob. In conformità ai predetti principi e criteri, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio d'esercizio sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenute nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.
- Per il giudizio relativo al bilancio dell'esercizio precedente, i cui dati sono presentati ai fini comparativi secondo quanto richiesto dalla legge, si fa riferimento alla relazione da noi emessa in data 26 aprile 2005.
- 3 A nostro giudizio, il bilancio d'esercizio della SNAI S.p.A. al 31 dicembre 2005 è conforme alle norme che ne disciplinano i criteri di redazione; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria e il risultato economico della Società.
 - 4 Esponiamo i seguenti richiami di informativa:
 - 4.1 Come indicato nella nota integrativa, la SNAI S.p.A. ha optato per redigere il bilancio d'esercizio al 31 dicembre 2005 secondo i principi contabili italiani, come consentito dalla vigente normativa. Gli amministratori indicano che il primo bilancio di esercizio redatto in conformità agli International Financial Reporting Standards, sulla cui base è

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 maggior azionista di KPMG Network, a livello internazionale.

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SNAI S.p.A.
Relazione della società di revisione
31 dicembre 2005

stato redatto il bilancio consolidato del Gruppo SNAI per l'esercizio chiuso il 31 dicembre 2005, sarà quello dell'esercizio in corso, che chiuderà il 31 dicembre 2006.

- 4.2 Come indicato nella relazione sulla gestione, con l'approvazione del piano industriale per il periodo 2005-2009, la Società ha individuato una nuova linea strategica focalizzata sull'assunzione diretta della veste di concessionario per la raccolta di scommesse e la gestione dei giochi in genere che si affianca a quella tradizionale di fornitrice di servizi telematici. Tale linea strategica si è attuata nell'esercizio in corso mediante l'acquisizione di 450 rami d'azienda dai Punti Accettazione Scommesse inerenti le concessioni per la gestione delle scommesse ippiche e sportive. Gli amministratori indicano che tale acquisizione è stata finanziata sia mediante l'accensione di finanziamenti per complessivi €10 milioni, che prevedono garanzie ipotecarie su immobili di proprietà della Società oltre al rispetto di determinati parametri finanziari, sia mediante il pagamento dilazionato di una parte del corrispettivo.
- 4.3 La Società, come richiesto dalla legge, ha inserito nella nota integrativa i dati essenziali dell'ultimo bilancio della società che esercita su di essa l'attività di direzione e coordinamento. Il giudizio sul bilancio della SNAI S.p.A. non si estende a tali dati.

Firenze, 28 aprile 2006

KPMG S.p.A.

Riccardo Cecchi
Socio



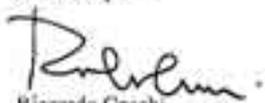
Gruppo SNAI
Relazione della società di revisione
31 dicembre 2005

esplicativa n. 1 (a) e nell' Appendice è stata da noi esaminata ai fini dell'espressione del giudizio sul bilancio consolidato dell'esercizio chiuso al 31 dicembre 2005.

- 3 A nostro giudizio, il bilancio consolidato del Gruppo SNAI al 31 dicembre 2005 è conforme agli International Financial Reporting Standards adottati dall'Unione Europea; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria, il risultato economico, le variazioni del patrimonio netto ed i flussi di cassa del Gruppo SNAI per l'esercizio chiuso a tale data.
- 4 Esponiamo i seguenti richiami di informativa:
 - 4.1 Come indicato nella nota integrativa, con l'approvazione del piano industriale per il periodo 2005-2009, SNAI S.p.A. ed il Gruppo SNAI hanno individuato una nuova linea strategica focalizzata sull'assunzione diretta della veste di concessionario per la raccolta di scommesse e la gestione dei giochi in genere che si affianca a quella tradizionale di fornitrice di servizi telematici. Tale linea strategica si è attuata nell'esercizio in corso mediante l'acquisizione di 450 rami d'azienda dai Punti Accettazione Scommesse inerenti le concessioni per la gestione delle scommesse ippiche e sportive. Gli amministratori indicano che tale acquisizione è stata finanziata sia mediante l'accensione di finanziamenti per complessivi €310 milioni, che prevedono garanzie ipotecarie su immobili di proprietà del Gruppo oltre al rispetto di determinati parametri finanziari, sia mediante il pagamento dilazionato di una parte del corrispettivo.
 - 4.2 Il Gruppo SNAI, come richiesto dalla legge, ha inserito nelle note esplicative i dati essenziali dell'ultimo bilancio della società che esercita su di esso l'attività di direzione e coordinamento. Il giudizio sul bilancio consolidato del Gruppo SNAI non si estende a tali dati.

Firenze, 28 aprile 2006

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Relazione della società di revisione sulla revisione limitata della relazione semestrale redatta ai sensi dell'art. 81-bis del Regolamento Consob adottato con Delibera n. 11971 del 14 maggio 1999 e successive modifiche ed integrazioni

Agli Azionisti della
 SNAI S.p.A.

- 1 Abbiamo effettuato la revisione contabile limitata dei prospetti contabili della relazione semestrale al 30 giugno 2005, costituita dai prospetti contabili e dalle relative note illustrative della SNAI S.p.A. e consolidati inclusi nella relazione semestrale al 30 giugno 2005 della SNAI S.p.A.. La responsabilità della redazione della relazione semestrale compete agli Amministratori della SNAI S.p.A.. E' nostra la responsabilità della redazione della presente relazione in base alla revisione contabile limitata svolta. Abbiamo inoltre verificato la parte delle note contenente le informazioni sulla gestione ai soli fini della verifica della concordanza con la restante parte della relazione semestrale.
 - 2 Il nostro lavoro è stato svolto secondo i criteri per la revisione contabile limitata raccomandati dalla Consob con Delibera n. 10867 del 31 luglio 1997. La revisione contabile limitata è consistita principalmente nella raccolta di informazioni sulle poste dei prospetti contabili e sull'omogeneità dei criteri di valutazione, tramite colloqui con la direzione della Società, e nello svolgimento di analisi di bilancio sui dati contenuti nei prospetti contabili. La revisione contabile limitata ha escluso procedure di revisione quali sondaggi di conformità e verifiche o procedure di validità delle attività e delle passività ed ha comportato un'estensione di lavoro significativamente inferiore a quella di una revisione contabile completa svolta secondo gli statuiti principi di revisione. Di conseguenza, diversamente da quanto effettuato sul bilancio d'esercizio della SNAI S.p.A. e sul relativo bilancio consolidato di fine esercizio, non esprimiamo un giudizio professionale di revisione sulla relazione semestrale.
 - 3 Per quanto riguarda i dati comparativi relativi al bilancio d'esercizio ed al bilancio consolidato dell'esercizio precedente presentati nei prospetti contabili e quelli presentati nell'Appendice Separata alla relazione semestrale relativamente ai prospetti di riconciliazione IFRS, si fa riferimento alle nostre relazioni rispettivamente emesse in data 26 aprile 2005 e in data 28 ottobre 2005.
- Per quanto riguarda i dati comparativi relativi alla relazione semestrale dell'anno precedente, si fa riferimento alla nostra relazione emessa in data 29 ottobre 2004.
- 4 La società capogruppo SNAI S.p.A. ha differito al secondo semestre dell'esercizio 2005, con la tecnica dei risconti attivi, costi di pubblicità per €735 mila, nonostante che la prestazione dei servizi pubblicitari sia stata resa interamente nel primo semestre del 2005.

KPMG S.p.A. è una società a partecipazione paritetica di diritto amministrativo, a partecipazione paritetica di KPMG International e della Consob.

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Conseguentemente, il patrimonio netto al 30 giugno 2005 ed il risultato del primo semestre 2005 di SNAI S.p.A. e del Gruppo SNAI risultano sovrastimati di €432 mila, al netto del teorico effetto fiscale.

- 5 Sulla base di quanto svolto, ad eccezione dei rilievi evidenziati nel precedente paragrafo 4, non siamo venuti a conoscenza di variazioni e integrazioni significative che dovrebbero essere apportate ai prospetti contabili ed alle relative note illustrative della SNAI S.p.A. (società capogruppo) e consolidati, identificati nel paragrafo 1 della presente relazione, per renderli conformi ai criteri di redazione della relazione semestrale previsti dall'art. 81-bis del Regolamento Consob adottato con Delibera n. 11971 del 14 maggio 1999 e successive modifiche ed integrazioni.
- 6 Esponiamo i seguenti richiami d'informativa:
 - 6.1 Le note illustrative della relazione semestrale includono i prospetti di riconciliazione dello stato patrimoniale consolidato al 30 giugno 2005 e del conto economico consolidato per il semestre chiuso al 30 giugno 2005 determinati con i criteri di redazione utilizzati per il bilancio consolidato dell'esercizio precedente rispetto al valore degli stessi assunto in applicazione dei principi contabili internazionali (IFRS). Come descritto nell'appendice alla relazione semestrale denominata "Appendice IAS/IFRS: Transizione ai principi contabili internazionali" tali prospetti di riconciliazione sono stati predisposti applicando i criteri di rilevazione e valutazione stabiliti dagli IFRS che risultano omologati dalla Commissione Europea alla data di redazione della relazione semestrale. Il processo di omologazione da parte della commissione Europea e l'attività interpretativa degli organismi ufficiali preposti è tuttora in corso e pertanto tali criteri potrebbero non coincidere con quelli effettivamente in vigore al 31 dicembre 2005.
 - 6.2 Come indicato nelle note illustrative, le immobilizzazioni materiali detenute in base a contratti di leasing finanziario sono contabilizzate nei prospetti contabili consolidati del gruppo SNAI secondo quanto consentito dai principi contabili di riferimento, ovvero mediante l'addebito al conto economico dei canoni di leasing, l'indicazione dell'impegno per i canoni a scadere tra i conti d'ordine e l'iscrizione del cespite tra le immobilizzazioni solo al momento dell'esercizio dell'opzione del riscatto. Gli Amministratori descrivono nelle note illustrative della relazione semestrale l'effetto sul patrimonio netto, sull'indebitamento finanziario netto e sul risultato dell'esercizio del Gruppo che sarebbe derivato dalla contabilizzazione delle immobilizzazioni detenute con contratto di leasing finanziario secondo il trattamento raccomandato dai principi contabili di riferimento per la redazione del bilancio consolidato.



SNAI S.p.A. e Gruppo SNAI
Relazione della società di revisione
30 giugno 2005

6.3 Le note illustrative della relazione semestrale riportano i dati essenziali dell'ultimo bilancio della società che esercita l'attività di direzione e coordinamento su SNAI S.p.A e sul Gruppo SNAI. Il nostro lavoro di revisione contabile limitata non si estende a tali dati.

Firenze, 31 ottobre 2005

KPMG S.p.A.

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Relazione della società di revisione sui prospetti di riconciliazione IFRS con illustrazione degli effetti di transizione agli International Financial Reporting Standards (IFRS)

Al Consiglio di Amministrazione della
 SNAI S.p.A.

- 1 Abbiamo svolto la revisione contabile degli allegati prospetti di riconciliazione costituiti dallo stato patrimoniale consolidato al 1 gennaio 2004 e al 31 dicembre 2004 e dal conto economico consolidato per l'esercizio chiuso al 31 dicembre 2004 del Gruppo SNAI (nel seguito i "prospetti di riconciliazione IFRS") e delle relative note esplicative presentati nella sezione denominata "Appendice IAS/IFRS: Transizione ai principi contabili internazionali" della relazione semestrale al 30 giugno 2005. I suddetti prospetti di riconciliazione IFRS derivano dal bilancio consolidato del Gruppo SNAI chiuso al 31 dicembre 2004 predisposto in conformità alle norme di legge che ne disciplinano i criteri di redazione. Tale bilancio è stato da noi assoggettato a revisione contabile e sullo stesso abbiamo emesso la nostra relazione in data 26 aprile 2005, a cui si rimanda per i richiami di informativa nella stessa contenuti. I prospetti di riconciliazione IFRS sono stati predisposti nell'ambito del processo di transizione agli International Financial Reporting Standards (IFRS) omologati dalla Commissione Europea. La responsabilità della redazione dei prospetti di riconciliazione IFRS compete agli Amministratori della SNAI S.p.A. E' nostra la responsabilità del giudizio professionale espresso su tali prospetti e basato sulla revisione contabile.
- 2 Il nostro esame è stato condotto secondo gli statuiti principi di revisione. In conformità ai predetti principi, la revisione è stata pianificata e svolta al fine di acquisire gli elementi ritenuti necessari per accertare se i prospetti di riconciliazione IFRS siano viziati da errori significativi. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nei prospetti di riconciliazione IFRS, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli Amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.
- 3 A nostro giudizio, i prospetti di riconciliazione IFRS identificati nel precedente paragrafo 1 sono stati redatti nel loro complesso in conformità ai criteri e principi definiti nell'art. 81-bis del regolamento Emittenti n. 11971/1999 adottato dalla CONSOB con Delibera n. 14990 del 14 aprile 2005.
- 4 Esponiamo il seguente richiamo di informativa:

KPMG S.p.A. is an Italian limited liability company incorporated in Italy, a member firm of KPMG International, a Swiss incorporated

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 Member Firm of the KPMG Network

Company name
 Registered office
 Capital
 Shareholders
 Directors
 Auditors
 Fiscal year
 Tax identification number
 Company website



- 4.1 Come descritto dagli Amministratori nelle note esplicative, i prospetti di riconciliazione IFRS, essendo predisposti solo ai fini del progetto di transizione per la redazione del primo bilancio consolidato completo secondo gli IFRS omologati dalla Commissione Europea, sono privi dei dati comparativi e delle necessarie note esplicative che sarebbero richiesti per rappresentare attendibilmente la situazione patrimoniale-finanziaria ed il risultato economico consolidati del Gruppo SNAI in conformità ai principi IFRS.

Inoltre, come descritto nelle note esplicative, i prospetti di riconciliazione IFRS riportano i valori che verranno pubblicati ai fini comparativi nel primo bilancio consolidato completo IFRS; tali valori potranno peraltro subire modificazioni in relazione ad eventuali nuovi principi contabili internazionali o loro interpretazioni che dovessero intervenire prima della redazione del suddetto bilancio.

Firenze, 28 ottobre 2005

KPMG S.p.A.

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Relazione della società di revisione sulla revisione contabile limitata della relazione semestrale redatta ai sensi dell'art. 81 del Regolamento Consob adottato con Delibera n. 11971 del 14 maggio 1999 e successive modifiche ed integrazioni

Agli Azionisti della
 SNAI S.p.A.

- 1 Abbiamo effettuato la revisione contabile limitata del bilancio separato intermedio e del bilancio consolidato intermedio costituiti dagli stati patrimoniali, dai conti economici, dai prospetti dei movimenti del patrimonio netto, dai rendiconti finanziari (di seguito i "prospetti contabili") e dalle relative note esplicative della SNAI S.p.A. e del Gruppo SNAI, inclusi nella relazione semestrale al 30 giugno 2006 della SNAI S.p.A.. La responsabilità della redazione della relazione semestrale compete agli amministratori della SNAI S.p.A.. E' nostra la responsabilità della redazione della presente relazione in base alla revisione contabile limitata svolta. Abbiamo inoltre verificato la sezione della relazione semestrale contenente le informazioni sulla gestione ai soli fini della verifica della concordanza con la restante parte della relazione semestrale stessa.
- 2 Il nostro lavoro è stato svolto secondo i criteri per la revisione contabile limitata raccomandati dalla Consob con Delibera n. 10867 del 31 luglio 1997. La revisione contabile limitata è consistita principalmente nella raccolta di informazioni sulle poste dei prospetti contabili e sull'omogeneità dei criteri di valutazione, tramite colloqui con la direzione della società, e nello svolgimento di analisi di bilancio sui dati contenuti nei prospetti contabili. La revisione contabile limitata ha escluso procedure di revisione quali sondaggi di conformità e verifiche o procedure di validità delle attività e delle passività ed ha comportato un'estensione di lavoro significativamente inferiore a quella di una revisione contabile completa svolta secondo gli statuti principi di revisione. Di conseguenza, diversamente da quanto effettuato sul bilancio d'esercizio della SNAI S.p.A. e sul relativo bilancio consolidato di fine esercizio, non esprimiamo un giudizio professionale di revisione sulla relazione semestrale.
- 3 Per quanto riguarda i dati comparativi relativi ai bilanci d'esercizio e consolidato dell'esercizio precedente ed ai dati consolidati relativi alla relazione semestrale dell'anno precedente presentati nei prospetti contabili, si fa riferimento alle nostre relazioni emesse rispettivamente in data 25 ottobre 2006, in data 28 aprile 2006 e in data 31 ottobre 2005. I dati comparativi della SNAI S.p.A. relativi alla relazione semestrale dell'anno precedente rielaborati secondo i principi contabili internazionali IFRS, ed i relativi prospetti di riconciliazione IFRS, derivano dai dati semestrali redatti secondo le norme di

KPMG S.p.A. un'entità separata dalla rete globale di società di revisione KPMG Network, il cui membro è la KPMG Network di cui KPMG S.p.A. è un membro.

Ufficio Italiano Audit Partner
 Massimo Pizzuto - Massimo Pizzuto
 Roberto Corbelli - Roberto Corbelli
 Carlo Spadaro - Carlo Spadaro
 Massimo Pizzuto - Massimo Pizzuto
 Roberto Corbelli - Roberto Corbelli
 Carlo Spadaro - Carlo Spadaro

Numero di società
 Capitaneria di Porto
 Circolo di Revisione
 Circolo di Revisione
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 Circolo di Revisione



legge ed i principi contabili prevalenti e da noi precedentemente assoggettati a revisione contabile limitata, per i quali si fa riferimento alla nostra relazione emessa in data 31 ottobre 2005.

I dati comparativi relativi al secondo trimestre chiuso al 30 giugno 2005 presentati nei prospetti contabili consolidati non sono stati da noi assoggettati a revisione contabile limitata e pertanto le conclusioni espresse nella presente relazione non si estendono a tali dati.

- 4 Sulla base di quanto svolto, non siamo venuti a conoscenza di variazioni e integrazioni significative che dovrebbero essere apportate ai prospetti contabili ed alle relative note esplicative della SNAI S.p.A. e consolidati, identificati nel paragrafo 1 della presente relazione, per renderli conformi al principio contabile internazionale IAS 34 ed ai criteri di redazione della relazione semestrale previsti dall'art. 81 del Regolamento Consob adottato con Delibera n. 11971 del 14 maggio 1999 e successive modifiche ed integrazioni.
- 5 Esponiamo i seguenti richiami di informativa:
 - 5.1 Come anticipato dagli amministratori nella relazione semestrale, e più dettagliatamente illustrato nei comunicati stampa emessi il 14 settembre ed il 20 ottobre 2006, l'Assemblea straordinaria degli azionisti del 14 settembre 2006 ha conferito al Consiglio di Amministrazione, ai sensi dell'art. 2443 del Codice Civile, una delega per l'aumento del capitale sociale, mediante l'emissione di massime n. 100.000.000 di azioni, da offrire in opzione agli aventi diritto. Gli amministratori indicano che tale emissione sarà destinata a dotare la società di più ampie risorse finanziarie per le proprie attività, compresa la partecipazione ai bandi di gara per l'assegnazione dei diritti per la raccolta delle scommesse sia ippiche che sportive conseguente alla legge n. 248 del 4 agosto 2006. In tale contesto, gli amministratori indicano altresì che SNAI S.p.A. ha ottenuto una linea di credito in relazione alle garanzie necessarie per la partecipazione a tali gare.
 - 5.2 Come anticipato dagli amministratori nella relazione semestrale, ed integrato nel comunicato stampa del 2 ottobre 2006, il 29 settembre 2006 è stato sottoscritto l'atto di fusione per incorporazione nella SNAI S.p.A. della società Ippodromi San Siro S.p.A. (già Società Trento S.p.A.), società di cui SNAI S.p.A. deteneva il 96,49% del capitale sociale. Gli amministratori indicano che tale operazione straordinaria è stata effettuata, con l'obiettivo, fra l'altro, di valorizzare il patrimonio immobiliare del Gruppo SNAI e in adempimento degli obblighi contrattuali derivanti dai contratti di finanziamento in essere.



SNAI S.p.A. e Gruppo SNAI
Relazione della società di revisione
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5.3 Le note esplicative alla relazione semestrale riportano i dati essenziali dell'ultimo bilancio della società che esercita l'attività di direzione e coordinamento su SNAI S.p.A. e sul Gruppo SNAI. Il nostro lavoro di revisione contabile limitata non si estende a tali dati.

Firenze, 26 ottobre 2006

KPMG S.p.A.

Riccardo Cecchi
Socio



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Relazione della società di revisione sui prospetti di riconciliazione IFRS

Al Consiglio di Amministrazione
 della SNAI S.p.A.

1. Abbiamo svolto la revisione contabile degli allegati prospetti di riconciliazione costituiti dalle situazioni patrimoniali al 1° gennaio 2005 ed al 31 dicembre 2005 e dal conto economico per l'esercizio chiuso al 31 dicembre 2005 della SNAI S.p.A. e dalle relative note esplicative (nel seguito i "prospetti di riconciliazione IFRS"), presentati secondo i criteri e le modalità previsti nella Comunicazione Consob n. 6064313 del 28 luglio 2006 nella sezione denominata "Appendice IFRS- Transizione ai principi contabili internazionali" della relazione semestrale al 30 giugno 2006. I suddetti prospetti di riconciliazione IFRS derivano dal bilancio d'esercizio della SNAI S.p.A. chiuso al 31 dicembre 2005, predisposto in conformità alle norme di legge che disciplinano i criteri di redazione del bilancio, da noi assoggettato a revisione contabile e sul quale abbiamo emesso la nostra relazione in data 28 aprile 2006. I prospetti di riconciliazione IFRS sono stati predisposti nell'ambito del processo di transizione agli International Financial Reporting Standards adottati dall'Unione Europea. La responsabilità della redazione dei prospetti di riconciliazione IFRS compete agli amministratori della SNAI S.p.A.. E' nostra la responsabilità del giudizio professionale espresso su tali prospetti e basato sulla revisione contabile.
2. Il nostro esame è stato condotto secondo gli statuiti principi di revisione. In conformità ai predetti principi, la revisione è stata pianificata e svolta al fine di acquisire gli elementi ritenuti necessari per accertare se i prospetti di riconciliazione IFRS siano viziati da errori significativi. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenute nei prospetti di riconciliazione IFRS, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.
3. A nostro giudizio, i prospetti di riconciliazione IFRS, identificati nel precedente paragrafo 1, sono stati redatti nel loro complesso in conformità ai criteri e le modalità previsti nella Comunicazione Consob n. 6064313 del 28 luglio 2006.

KPMG S.p.A. - ex Istituto Centrale Italiano - Società italiana incorporata in Italia
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SNAI S.p.A.
Relazione della società di revisione
31 dicembre 2005

4. Come descritto dagli amministratori nelle note esplicative, i prospetti di riconciliazione IFRS, essendo predisposti solo ai fini della transizione al primo bilancio d'esercizio completo secondo gli IFRS adottati dall'Unione Europea, sono privi dei dati comparativi e delle necessarie note esplicative che sarebbero richiesti per rappresentare in modo veritiero e corretto la situazione patrimoniale-finanziaria ed il risultato economico della SNAI S.p.A. in conformità ai principi IFRS adottati dall'Unione Europea.

Firenze, 25 ottobre 2006

KPMG S.p.A.

Riccardo Cecchi
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