SNAI Group
Short-form Interim Consolidated Financial Statements as of 31/03/2012

Approved by the Board of Directors
of SNAI S.p.A.

Milan, 11 May 2012

SNAI S.p.A.
Sede in Porcari (Lucca) – via L. Boccherini 39 – Share Capital of € 60,748,992.20
entirely paid in Tax Code no. 00754850154 – VAT Code 01729640464
Companies Register of Lucca and Chamber of Commercie R.E.A. of Lucca no. 00754850154

Comment on the main results for the period

Revenues show a contraction of approximately 10.2 %, decreasing from Euro 157.1 million in the first quarter of 2011 to Euro 141 million in the same period in 2012. A significant percentage of the contraction in revenues is due to the payout on sports betting which rose to 80.2% from 77.3% last year. This led to a contraction in revenues of approximately 6.9 million.
An additional negative effect on revenues was caused by the decline in sports and horse racing betting which affected the entire sector, on which SNAI essentially maintained its market share. The contraction in revenues in the betting sector was in part offset by the growth in wagers deriving from VLTs (which were not fully operational in the same period last year) and skill and casino games.
In terms of EBITDA, the results are down as compared to last year in the amount of approximately Euro 6,0 million. In particular, the decline in sports and hose race betting generated lower EBITDA in the amount of approximately 5.6 million. This negative effect was more than offset by positive results in the ADI segment ((+4,3 million) and the on-line Games segment (+1.9).
The payout for the period amounted to 80.2%, up from 77.3% in the first quarter of 2011, giving rise to a negative difference of approximately 6.9 million, which was only partially offset by the cost control actions currently underway.
The performance in the first quarter and the results of operations achieved are more than in line with the forecast data for the first quarter of 2012, despite the signs of difficulty emerging from the majority of the segments and the negative trend shown by many of them.
In particular, the payout on sports betting, even if worse than that registered in the same period last year, is essentially in line with overall market figures.
As regards the VLT sector and its prospects, it should be noted that on 16 April 2012, an unusual peak occurred in payment requests for only apparently winning tickets on the Barcrest system /one of the VLT platforms used by the Company).
Following this episode, SNAI S.p.A. immediately blocked the Barcrest System in order to perform the necessary checks and inspections by consulting the database containing the registrations for all of the gaming transactions concluded on the platform and its approximately 1,450 terminals, including the related system logs.
The Barcrest system remains blocked as of the date hereof. In terms of the expected results of operations the failure to reactivate the Barcrest system in a timely manner could have adverse effects, which however would be limited given the modest margins contributed and the corrective actions promptly taken which, in summary, are based upon a timely activation of VLT devices referring to the other available platform, the performance achieved on such platform which considerably exceed expectations and a positioning of the VLTs throughout the territory that will be rendered even more efficient.

Set forth below are the key performance indicators of the Group (in thousands of Euro, with the exception of the amounts per share).

- **KPI**

	1Q		*Variations*	
Amounts in thousands of €	*2012*	*2011*	*€*	*%*
Revenues	140,996	157,133	(16,137)	(10)
EBITDA	27,192	33,159	(5,967)	(18)
EBIT	10,979	17,317	(6,338)	(37)
Results before taxes	1,339	10,520	(9,181)	(87)
Net results of operations	186	6,499	(6,313)	(97)
Results diluted per share	0.00	0.06	(0.06)	(100)

- **EBITDA and EBIT**

EBITDA and EBIT are considered alternative performance indicators, but are not measures defined on the basis of International Financial Reporting Standards ("IFRS") and therefore may not take into accounts the requisites imposed under IFRS in terms of determination, valuation and presentation. We are of the view that EBITDA and EBIT are helpful for purposes of explaining the variations in operating performance and providing useful information on the capacity to manage indebtedness and are commonly used by analysts and investors in the gaming sector as performance indicators. EBITDA and EBIT must not be considered alternatives to cash flows as a measure of liquidity. As defined, EBITDA and EBIT may not be comparable with the same indicators used by other companies.
EBIT corresponds to "Results before interest and taxes" indicated in the overall income statement.

The composition of EBITDA is obtained by adding the following items to EBIT:

EBITDA

			Variations	
Amounts in thousands of €	*2012*	*2011*	*€*	*%*
EBIT	10,979	17,317	(6,338)	(37)
+ amortization of tangible long-term investments	5,018	5,574	(556)	(10)
+ amortization of intangible long-term investments	11,195	10,069	1,126	11
+ other amounts set aside	0	199	(199)	(100)
EBITDA	**27,192**	**33,159**	**(5,967)**	**(18)**

The composition of Results before taxes is obtained by adding the following items to EBIT:

Results before taxes

			Variations	
Amounts in thousands of €	*2012*	*2011*	*€*	*%*
EBIT	10,979	17,317	(6,338)	(37)
+ Results of companies consolidated using the net equity method	11	17	(6)	(35)
+ Financial proceeds/earned interest	291	747	(456)	(61)
+ Financial charges/payabl interest	(9,939)	(7,551)	(2,388)	(32)
+ Net earnings (losses) on currency exchanges	(3)	(10)	7	70
Results before taxes	**1,339**	**10,520**	**(9,181)**	**87**

SNAI Group – Total consolidated profit and loss statement

Amounts in thousands of Euro	**Notes**	**1Q 2012**	**1Q 2011**
Revenues from sales and services	4	137,061	156,74
Other revenues and proceeds	5	3,935	393
Change in remainders/stock of finished and semi-finished products	18	0	28
Raw materials and consumer materials used	6	-423	-466
Costs for services and use of third party assets	7	(99,102)	(109,351)
Costs for personnel	8	(8,038)	7,580
Other operating costs	9	(6,432)	(6,796)
Costs for capitalized internal works	10	191	191
Results before amortizations, depreciations/write-downs, financial proceeds/charges, taxes		**27,192**	**33,159**
Amortizations and depreciations/write-downs	11	(16,213)	(15,643)
Other amounts set aside on reserve		0	(199)
Results before financial proceeds/charges, taxes		**10,979**	**17,317**
Proceeds and charges from shareholdings		11	17
Financial proceeds		291	747
Financial charges		(9,942)	(7,561)
Total financial charges and proceeds	12	**(9,640)**	**(6,797)**
RESULTS BEFORE TAXES		1,339	10,520
Income taxes	13	(1,153)	(4,021)
Earnings (losses) for the period		**186**	**6,499**
Other components of the complete profit and loss statement	24	(1,242)	0
Total earnings/(losses) for the period		**(1,056)**	**6,499**
Attributable to:			
Earnings (losses) for period pertaining to the Group		186	6,499
Earnings (losses) for period pertaining to Third Parties		0	0
Total earnings (losses) for period pertaining to the Group		(1,056)	6,499
Total earnings (losses) for period pertaining to Third Parties		0	0
Earnings (losses) per base share in Euro	25	0.00	0.06
Earnings (losses) per diluted share in Euro	26	0.00	0.06

For related party transactions, see note 33 “Related Parties”

SNAI Group - Prospectus of consolidated balance sheet

amounts in thousands of Euro	Note	31.12.2011	31.12.2012
ASSETS			
Non-current assets			
Owned real property, plants and machinery		129,211	128,968
Assets in financial lease		25,307	28,065
Total tangible long-term assets	14	**154,518**	**157,033**
Goodwill		231,531	231,531
Other intangible assets		174,408	185,082
Total tangible long-term investments	15	**405,939**	**416,613**
Shareholders valuated as net shareholders' equity		1,824	1,813
Shareholdings in other enterprises		46	46
Total shareholdings	16	**1,870**	**1,859**
Taxes paid in advance	17	45,938	45,132
Other non-financial assets	20	1,515	1,466
Total non-current assets		**609,708**	**622,103**
Current assets			
Remainders	18	3,058	2,755
Commercial receivables	19	76,965	76,391
Other assets	20	47,979	38,971
Current financial assets	21	189	257
Cash and cash equivalents	22	39,383	40,282
Total current assets		**167,574**	**158,656**
TOTAL ASSETS		**777,354**	**780,759**
LIABILTIES AND NET SHAREHOLDERS' EQUITY			
Net Shareholders' Equity pertaining to the Group			
Share capital		60,749	60,749
Reserves		148,359	189,925
Earnings (losses) for financial year		186	(40,324)
Total Net Shareholders' Equity of the Group		**209,294**	**210,350**
Net Shareholders' Equity of third parties			
Total Net Shareholders' Equity	23	**209,294**	**210,350**
Non-current liabilities			
End of employment indemnity	26	4,795	5,033
Non-current financial liabilities	27	284,308	281,207
Deferred taxes	17	45,742	45,168
Funds for risks and future charges	28	15,664	15,568
Miscellaneous debts and other non-current liabilities	29	3,126	5,583
Total non-current liabilities		**353,635**	**352,559**
Current liabilities			
Commercial debts	30	26,978	27,589
Other liabilities	29	79,656	76,567
Current financial liabilities		32,041	37,944
Current quotas in long-term loans		75,750	75,750
Total financial liabilities	27	**107,791**	**113,694**
Total current liabilities		**214,425**	**217,850**
TOTAL LIABILITIES AND NET SHAREHOLDERS' EQUITY		**777,354**	**780,759**

For related party transactions, see note 33 “Related Parties”

PROSPECTUS OF VARIATIONS IN NET SHAREHOLDERS' EQUITY

(amounts in thousands of euro)

	Note	Share capital	Legal reserve	Share premium reseve	Cash Flow Hedge Reserve	Extraordinary reserve	earings (losses) carried forward	Results of operations	Total Net shareholders' equity for Group	Total net shareholders' equity of third parties	Total net shareholders' equity
Balance as of 01.01.2011		60,749	1,559	211,319	0	17,954	2,594	(33,825)	260,350	0	260,350
Effect of change consolidation scope purchase Teleippica Srl							(5,712)		(5,712)		(5,712)
Total results as of 31.13.2011								6,499	6,499		6,499
Coverage of loss for year 2010							(33,825)	33,825	0		0
Balance as of 31.03.2011		**60,749**	**1,559**	**211,319**	**0**	**17,954**	**(36,943)**	**6,499**	**261,137**	**0**	**261,137**
	Note	Share capital	Legal reserve	Share premium resreve	Cash Flow Hedge Reserve	Extraordinary reserve	Earnings (losses) carried forward	Results of operations	Total net shareholders' equity for Group	Total net shareholders' equity of third parties	Total net shareholders' equity
Balance as of 01.01.2012		60,749	1,559	195,904	(3,970)	0	(3,568)	(40,324)	210,350	0	210,350
Earnings (loss) for year								186	186		186
Other total earnings/(losses)	24				(1,242)				(1,242)		(1,242)
Total results as of 31.03.2012		0	0	0	(1,242)	0	0	186	(1,056)		(1,056)
Coverage of losses for year 2011	23						(40,324)	40,324	0		0
Balance as of 31.03.2012		**60,749**	**1,559**	**195,904**	**(5,212)**	**0**	**(43,892)**	**186**	**209,294**	**0**	**209,294**

SNAI Group - Consolidated cash flow statement			
	amounts in thousands of Euro	**31.03.2012**	**31.03.2011**
A.	**CASH FLOW FROM OPERATIONS**		
	Earnings (losses) for the period pertaining to the Group	186	64,499
	Earnings (losses) for the period pertaning to third parties	0	0
	Amortizations and depreciations/write-downs	16,213	15,643
	Net variation in assets (liabilitie) due to taxes paid in advance (deferred taxes)	240	2,860
	Variation in risks fund	96	255
	(Capital gains) capital losses from the realization of non-current assets (including shareholdings)	47	0
	Portion of the reults of the shareholdings valuated using the P.N. method (-)	(11)	(17)
	Net variation in the non-current commercial and miscellaneous assets and liabilities and other vari	(2,506)	(900)
	Net variation in current commercial and miscellaneous assets and liabilities and other variations	(7,407)	(57,037)
	Net variation in the end of employment indemnity	(238)	204
	CASH FLOW GENERATED (ABSORBED) BY OPERATIONS (A)	**6,620**	**(32,493)**
B.	**CASH FLOW GENERATED BY INVESTMENT ACTIVITIES**		
	Investments in tangible assets (-)	(2,558)	(4,244)
	Investments in intangible assets (-)	(523)	(958)
	Investments in other non-current assets (-)	0	0
	Acquisition of shareholdings in subsidiaries, net of acquired liquidity	0	(5,199)
	Price/consideration received from the sale of tangible and intangible assets and other non-current assets	10	4
	CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES (B)	(3,071)	(10,397)
C.	**CASH FLOW FROM FINANCIAL ACTIVITIES**		
	Variation in financial receivables and other financial assets	68	21,914
	Variation in financial liabilities	(7,430)	(27,700)
	Repayment of loan for the purchase of concession business units	0	(22,8000)
	Opening/disbursement of loan	30,00	33,1750
	Variationin debts owed to PAS on an installment basis for the acquisition of "concessions" busines	(86)	80
	CASH FLOWS GENERATED (ABSORBED) BY FINANCIAL ASSETS (C)	(4,448)	98,044
D.	**CASH FLOW FROM ASSETS NO LONGER HELD/HELD FOR SALE (D)**		
E.	**TOTAL CASH FLOW (A+B+C+D)**	(899)	55,154
F.	**INITIAL NET LIQUIDITY (INITIAL NET FINANCIAL INDEBTEDNESS)**	40,282	11,848
G.	**NET EFFECT OF THE CONVERSION OF FOREIGN CURRENCIES ON THE FINAL NET FINANCIAL LIQUIDITY**		
H.	**(FINAL NET FINANCIAL INDEBTEDNESS) (E+F+G)**	**39,383**	**67,002**
	RECONCILIATION OF FINAL NET FINANCIAL LIQUIDITY (FINAL NET FINANCIAL INDEBTEDNESS):		
	CASH AND OTHER AVAILABLE LIQUIDITY NET OF SHORT-TERM FINANCIAL DEBTS AT THE BEGINNING OF THE PERIOD, DETAILED AS FOLLOWS:		
	Cash and cash equivalents	40,282	11,848
	Bank overdrafts		
	Operating assets no longer held		
		40,282	**11,848**
	CASH AND OTHER AVAILABLE LIQUIDITRY NET OF SHORT-TERM FINANCIAL DEBTS AT HTE END OF THE PERIOD, DETAILS AS FOLOWS:		
	Cash and cash equivalents	39,383	67,002
	Bank overdrafts		
	Operating assets no longer held		
		39,383	**67,002**

The interest charges paid in the first quarter of 2012 amount to approximately EUR 5,506 thousand (EUR 4,891 thousand in the first quarter of 2011).

No taxes were paid in the first quarter of 2012 or in the first quarter of 2011.

EXPLANATORY NOTES TO THE CONSOLIDATED SHORT-FORM INTERIM FINANCIAL STATEMENTS

INTERIM FINANCIAL REPORT AS OF 31 MARCH 2012

1. Relevant accounting principles

Scope of consolidation
SNAI S.p.A. (hereinafter also referred to as the "parent company") has its registered office in Porcari (Lucca) – Italy – Via Luigi Boccherini, 39. Schedule 1 shows the composition of the SNAI Group.

The Consolidated Financial Statements of the SNAI Group at 31 December 2011 cover the financial statements of SNAI S.p.A. and of the following subsidiaries, using the full consolidation method:

- Società Trenno S.r.l. Unipersonale
- Festa S.r.l. Unipersonale
- Immobiliare Valcarenga S.r.l. Unipersonale
- Mac Horse S.r.l. Unipersonale
- Faste S.r.l Unipersonale (ex Autostarter S.r.l.) in liquidazione
- SNAI Olè S.A.
- SNAI France S.A.S.
- Teleippica S.r.l. Unipersonale

With respect to 31 December 2011, the consolidation perimeter has not changed.

The financial statements of the companies included within the consolidation perimeter all close their financial year on 31 December, the same date on which the Parent Company closes its financial year. Such financial statements are appropriately restate and adjusted in order to ensure that they comply with the IFRS accounting standards and valuation criteria used by the Parent Company (reporting package). Such financial statements and reporting packages were approved by their respective boards of directors.

The consolidated financial statement as of 31 March 2012 was approved by the parent company's directors at the board of directors' meeting held on 11 May 2012 and therefore authorized for publication in accordance with applicable provisions of law.

Seasonality

With regard to the seasonality of the activities, it should be noted that the business is not subject to any particular fluctuations, although usually there tend to be more sporting events, and especially football matches, on which bets are accepted, in the first and fourth quarters of the year.

1.1 Managers' estimates related to the going concern requirements

Ihe short-form interim consolidated financial statement of the SNAI Group for period ended 31 March 2012 shows earnings of Euro 0.2 million, a total loss of Euro 1.1 million, net shareholder' equity of Euro 209.3 million, net financial indebtedness owed to third parties of Euro 352.5 million. The financial charges incurred in the first quarter of 2012 amount to Euro 9.9 million. As of 31 March 2011, the Group recorded earnings of Euro 6.5 million (with financial costs of Euro 7.6 million), net shareholders' equity amounted to Euro 261.1 million and net financial indebtedness amounted to Euro 323.4 million.
Thanks to the successful renegotiation of its financial debt in March 2011, the Group ensured the continued availability of the financial resources necessary for the Group's development plans and brought the due dates back into line with the predicted cash flows in those plans. It is therefore believed that the Group's characteristic development and expansion of operations will make it possible to achieve economic equilibrium and generate sufficient cash flows. It should be pointed out, however, that the Group's capacity to achieve such a balanced position depends on actually achieving the performance level predicted in the 2012 budget and the strategic guidelines drawn up for the two-year period 2013–2014. Based on such considerations, the Managers believe that the Group is capable of remaining in business for the foreseeable future and have therefore prepared the financial statements based on the going concern assumption.

1.2 Accounting principles

(a) General principles
The Consolidated Short-Form Interim Financial Statements at 31 March 2012 were written on the basis of the IFRS principles applicable at the time, which were issued by the International Accounting Standards Board and approved by the European Commission and were prepared in form and substance in accordance with the disclosure requirements set forth in International Accounting Standard no. 34 " Interim Financial Statements" (IAS 34) and do not include all of the information

required of annual financial statements and must be read in connection with the annual financial statement prepared for the financial year ended 31 December 2011.

The drafting criteria, valuation criteria and consolidation criteria and the accounting standards adopted in the drafting of this consolidated financial statement are the same accounting principles used to prepare the Consolidated Financial Statements at 31 December 2011, except for the adoption of certain new or revised principles of the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee as set out below. The adoption of such amendments and interpretations did not have any significant effects on the Group's financial position or net earnings.
By IFRS, we mean the revised international accounting principles (IFRS and IAS) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC and SIC), adopted by the European Union.

Changes and new principles and interpretations
As required by paragraph 28 of IAS 8, the IFRS applied by the group as from 1°January 2012 are indicated and succinctly described below:

IAS 12 Income tax – Recoverability of underlying assets
The amendment clarifies how deferred taxes should be determined on investment properties measured at fair value. The amendment introduces the rebuttable presumption that the deferred taxes on investment properties appraised at fair value in accordance with IAS 40 should be determined based on the fact that the carrying amount will be recovered through sale. It also introduces the requirement that the deferred taxes on a non-depreciable asset measured using the revaluation model in IAS 16 always be calculated on the basis of the sale of the asset. The amendment will be applicable to accounting years beginning on or after 1 January 2012. This amendment had no impact upon this quarterly report.

IFRS 7 Financial Instruments: Supplementary Disclosures for Transfers of Financial Assets
The amendments require further information about financial instruments that are transferred but not derecognised form the financial statements, to allow the users of the financial statements to understand the relationship between those assets that have not been derecognised from the financial statements and the related liabilities. Moreover, the amendments require disclosures about any continuing involvement in derecognised transferred assets to allow the users of the financial statements to evaluate the nature and risk related to the company's continuing involvement in such assets derecognised from the financial statements. The amendments will be applicable to the accounting years beginning on [or after] 1 January 1 2011. The amendments only concern the disclosures in financial statements and will have no impact of the Group's financial position or net earnings. The adoption of this amendment did not have any material impacts on the disclosure provided in this quarterly report.

Accounting standards, amendments and interpretations not yet applicable and not adopted in advance by the Group

IAS 1 Presentation of Financial Statements – Presentation of the other components of the comprehensive statement of income
The amendment to IAS 1 changes the grouping of the other components of the comprehensive statement of income. The items that might be reclassified (or "recycled") in the statement of income in the future (e.g., at the time of derecognition or settlement) should be presented separately from the items that will never be reclassified. The amendment concerns only the mode of presentation and has no impact on the Group's financial position or its net earnings. The amendment will enter into effect for accounting years beginning on or after 1 July 2012.

IAS 19 Employee Benefits (amendment)
The IASB has issued numerous amendments to IAS 19. They range from radical changes such as eliminating an option that allowed an entity to defer the recognition of changes in net defined benefit liability and amending some of the disclosure requirements for the defined benefit plans, and simplifying and clarifying the terminology. The Group is currently evaluating the impact of the amendments. The amendments will be applicable to the accounting years beginning on or after 1 January 1 2013.

IAS 27 Separate Financial Statements (revised in 2011)
Following the new IFRS 10 and IFRS 12, what remains of the IAS 27 is limited to accounting for subsidiaries, joint ventures and associates in separate financial statements. The amendments will become applicable to the accounting years beginning on or after 1 January 1 2013.

IAS 28 Investments in Associates (revised in 2011)
Following the new IFRS 11 and IFRS 12, IAS 28 has been renamed Investments and Associates and joint ventures, and describes the application of the equity method to investments in joint ventures, in addition to associates. The amendments will be applicable to the accounting years beginning on or after 1 January 1 2013.

IFRS 10 – Consolidated Financial Statements

IFRS 10 replaces the part of IAS 27 *Consolidated and Separate Financial Statements* that regulated accounting in the Consolidated Financial Statements. That includes the issues raised in SIC 12 Consolidation – *Special-Purpose Entities.*
IFRS 10 establishes a single model of control that applies to all companies, including Special-Purpose Entities. The changes introduced in IFRS 10 require management, in accordance with the requirements presented in IAS 27, to considerable

discretionary evaluations to determine which companies are controlled and thus which ones should be consolidated by the controlling entity. This standard is applicable to financial years beginning on or after 1 January 2013.

IFRS 11 *Joint Arrangements*

IFRS 11 replaces IAS 31 Investments in Joint Ventures and SIC-13 Jointly Controlled Entities – Contributions in kind by the participants in the control.

IFRS 11 eliminates the option of accounting for subsidiaries jointly using the proportionate consolidation method. Subsidiaries who, in combination, fall under the definition of a *joint venture* must rather be accounting for using the equity method.

This application of this standard will not have any impact on the Group's financial position since there are no joint ventures in the Group. The standard will apply to accounting years starting on or after 1 January 2013.

IFRS 12 Disclosure of Investments in Other Entities

IFRS12 includes all of the previous disclosure provisions, including those in IAS 27 concerning the Consolidated Financial Statements, as well as all the disclosure provisions of IAS 31 and IAS 28. Such disclosures concern an entity's investments in joint ventures, associates and structured entities. It also provides for new cases of disclosure. This standard applies to accounting years starting on or after 1 January 2013.

IFRS 13 – Fair Value Measurement

IFRS 13 establishes a single guideline within the scope IFRS for all valuations at fair value. IFRS 13 does not change the cases in which it is required to use fair value but rather provides guidance on how to evaluate the fair value within the scope of IFRS, when applying the fair value is required or permitted. The Group is currently evaluating the impact that this standard will have on its financial position and net earnings. This standard applies to accounting years starting on or after 1 January 2013.

IFRS 9 – Financial instruments

IFRS 9 was subsequently amended. The standard, applicable starting on 1 January 2015 on a retroactive basis, represents the first portion of a process comprised of various phases, aimed at replacing IAS 39 in its entirety, and introduces new criteria for the classification and valuation of financial assets and liabilities. In particular, for financial assets, the new standard uses a single approach based upon the modalities followed to manage the financial instruments and the characteristics of the contractual cash flows of the financial assets, in order to determine the valuation criterion, replacing the different rules envisaged under IAS 39. For the financial liabilities, on the other hand, the main change concerns the accounting treatment of changes in the fair value of a financial liability designated as appraised at fair value through the income statement, in the event that they are due to the change in the creditworthiness of the liability. Under the new standard, such changes mu be stated in total Other earnings/(losses) and are no longer recorded on the income statement.

IAS 32 – Financial Instruments: recording on financial statement

The amendment clarifies the application of a number of criteria for offsetting financial assets and liabilities referred to in IAS 32. The amendments must be applied on a retroactive basis for the financial years starting on or after 1 January 2014.

IFRS 7 – Financial Instruments: supplemental information

The amendment calls for information on the effects or potential effects of agreements for the offset of financial assets and liabilities on the balance sheet. The amendments apply to financial years starting on or after 1 January 2013 and interim periods following such date. The information must be provided on a retroactive basis.

The models used by the SNAI Group for the period ended on 31 March 2012 have not been changed with respect to those used as of 31 December 2011.

Layout of the Financial Statements

The layouts adopted by the Group are composed as follows:

Consolidated Balance Sheet

The presentation of the balance sheet is based on a distinction between current assets versus non-current assets and current liabilities versus non-current liabilities and, for each asset or liability item, the amounts that are expected to be paid or collected within or after the 12-month period after the reporting date of the accounting statement.

Consolidated statement of comprehensive income

The comprehensive statement of income reports the items per type, since it is considered to provide mainly explanatory information.

Consolidated statement of changes in equity

The statement of changes in Equity shows the aggregate profit (loss) for the fiscal year, the effect on each item of the changes in accounting principles and of the error corrections as stipulated in International Accounting Standard No. 8.

Moreover the diagram shows the balance of the accumulated profit or loss at the start of the period, the changes during the period and at the end of the period.

Consolidated cash flow statement
The cash flow statement shows the cash flows from the operating, investing and financing activities of the fiscal year. The operating cash flows of the fiscal year are shown using the indirect method by means of which the earnings of the fiscal year or period is corrected for the effects of the non-monetary operations, of any deferral or reservation of past or future operating cash flows collected or paid, and any cost or expense items related to the investing and financing cash flows.

2. Service concession agreements

The SNAI Group operates in the gaming and betting market, mainly consisting of bets on sports and horse races, the AWP [Amusement With Prizes] (formerly “new slot”) and video lotteries in addition to remote skill games, bingo and casino games. That market is regulated by the state authorities in exchange of issuing concessions.

In 2006, the Group created its own bet acceptance network through the initial purchase of 450 betting agencies, corresponding to the same number of sports and horse racing concessions for the collection of bets. SNAI acquired a few more concessions after that. Following the creation of network, the Group participated in the state authority’s call for bids, which resulted in broadening the scope of its bet acceptance network and the types of games for which it was authorised to collect bets. Thanks to its participation in the call for bids to be awarded the rights to operate new points of sale, pursuant to the Decree-Law of 4 July 2006 no. 223 (known as theBersani Decree), SNAI was granted concessions to collect bets on horse racing and sports. More specifically, one sports concession (342 shops and 864 sports corners) and one horse concession (99 shops and 3.787 horse corners which were reduced following subsequent revocations concerning 94 shops and 2.482 corners). Moreover, it was granted the remote horse gaming concession and the remote sports gaming concession. In addition, in 2009, the company A.I. Monteverde S.r.l., now part of SNAI, participated in the AAMS call for bids known as “Giorgetti” for 3,000 horse concessions, and was awarded the operating rights for 303 horse betting shops.

The SNAI Group holds the following concessions:

Owner	Number	Subject matter	Expiry	Note
SNAI S.p.A.	1 concession	Realization and operation of the network for the electronic management of lawful games using fun and entertainment devices, as provided under article 110, paragraph 6, of the T.U.L.P.S., as well as the related activities and functions	December 2011	(1)
SNAI S.p.A.	228 concessions	Marketing and sale of fixed quota bets on sporting evnts other than horse races, and non-sporting events	June 2012	
SNAI S.p.A.	100 concessions	Marketing and sale of totalizator bets and fixed quota bets on horse races	June 2012	
SNAI S.p.A.	1 concession Cod. 4311	Operation of horse race-based public betting, through the activation of distribution networks (horse race betting stores and/or network of horse race betting points) and the operation of the same	June 2016	
SNAI S.p.A.	1 concession Cod. 4028	Operation of public betting on events other than horse raes, through the actiation of distribution networks (horse race betting stores and/or network of horse race betting points) and the operation of the same	June 2016	
SNAI S.p.A.	1 concession Cod. 15119	Operation of public betting through the activation of a remote horse race bettig network	June 2016	
SNAI S.p.A.	1 concession Cod. 15117	Operation of public betting through the actiation of a network of public sports betting and remote bingo games	June 2016	
SNAI S.p.A.	1 concession Cod. 4801	Joint operation of public horse race betting, through the activation of a network of betting stores and the operation of the same	June 2016	
SNAI S.p.A.	1 concession Cod. 15215	Operation through the remote receipt of the following public games/betting: a) sports bets; b) horse race bets; c) sports and horse pool betting; d) national horse race betting; e) skill games, including cards in the form of tournaments; f) bingo.	September 2020	

(1) The term is established through the date indicated by AAMS for the execution of the new convention or until the notification of exclusion from the selection procedure as notified by AAMS through prot. note no. 2011/51539/Giochi/ADI del 29/12/2011. On 27 December 2011, an AAMS ruling was notified to SNAI setting forth the temporary award; testing operations on the electronic network are currently in progress.

3. Operating segments

Segment disclosure is presented in “operating segments”. The segments are based on the management structure and on the internal reporting system of the Group. Intra-segmental disposals are made on terms usual for the market. The value of the total assets for each operating sector forming the subject matter of the disclosure is not provided here, as envisaged under IFRS 8 “operating sectors” since the periodic reporting on operating sectors does not include this type of asset-related information.

The group is mainly active in the following segments:

- betting services;
- horse-racing management;
- concessions;
- television services.

More specifically, the Group’s opertions are defined as follows:

Betting Services: this segment includes operations related to ICT services supplied to the bet-acceptance points, and for the acceptance of score-prediction bets; such operations are substantially managed by the companies SNAI S.p.A. with respect to the part concerning the gaming and betting segment, Festa S.r.l. and Mac Horse S.r.l.;
Horse track management: this segment includes horse track management operations, with respect to both facilities management and race organisation; those operations are managed by the companies Trenno S.r.l., Immobiliare Valcarenga S.r.l. and by SNAI S.p.A., with respect to facilities management;
Concessions: this segment includes the operations to management of the horse and sports concessions acquired starting from 16 March 2006, which SNAI S.p.A. was awarded through the call for bids with the so-called “Bersani Decree”, which went into operation towards the end of the second quarter of 2007, and the rights that were awarded to the company Agenzia Ippica Monteverde S.r.l. (now absorbed by SNAI S.p.A.) through the call for bids known as the “Giorgetti”; as well as the operations related to the concession to entrust the activation and management of the ICT [Information & Communication Technology] network to manage lawful gaming via entertainment and amusement machines as well as related activities and functions” (slot machine - AWP and videolottery - VLT), as well as operations related to skill games, bingo and casino games;
Television Services: this segment includes the operations related to Television Services; such operations are managed by the company Teleippica S.r.l.

The following statement provides information about the contributions made to the consolidated assets through:

- collection of bets/gaming and services related to the so-called “betting services” segment;
- bet acceptance in the race tracks owned by the Group and the activities related to their management, known as “race track management”,
- horse racing and sports concessions owned, the concession of the ICT network for the entertainment machines and devices under Article 110 (6) of the T.U.L.P.S. [Consolidated Text of Public Safety Laws] (slot machines - AWP - and videolottery), as well as the operations related to skill games (remote games of skill), bingo and casino games, called “concessions”;
- television and radio services, referred to as “Television Services”.

The profit or loss of the segments contain items that are directly attributable to one segment, with a reasonable amount allocated to several segments in the form of general costs and indirect costs.
The income from the sale of software and technology sales, organisational services and other income not included among the specific operations is not allocated to the main segments; consequently, the costs associated with the above-mentioned types of income are not allocated to the specific segments, nor are the financial costs that are not attributable to the four main business operations, but rather to the governance of the enterprise as a whole.

The “concessions” segment includes all the bets, whether fixed-odds bets (in which the bank is held by the concessionaire) or totalisator bets (in which the bank is held by the Ministry of Finance), accepted in the betting agencies (betting acceptance points) where SNAI is the direct concessionaire.

In fixed-odds bets, the risk is borne by the concessionaire, since it has to pay out any winnings and taxes; in the case of totalisator bets, the risk is not borne by the concessionaire since it is entitled to a percentage of the transactions.

INCOME STATEMENT BY BUSINESS AREA

(amounts in thousand Euros)	betting service		operation of racetracks		Concessions		televison service		others		Eliminations		Total consolidated	
	Q1 2012	Q1 2011	Q1 2012	Q1 2011	Q1 2012	Q1 2011	Q1 2012	Q1 2011	Q1 2012	Q1 2011	Q1 2012	Q1 2011	Q1 2012	Q1 2011
Sector revenues	**4,123**	6,042	**3,709**	4,577	**130,503**	143,297	**2,434**	2,939	**227**	278	**0**	0	**140,996**	157,133
Inter sector revenues	**957**	1,055	**100**	110	**0**	0	**546**	543	**156**	214	**-1,759**	-1,922	**0**	0
Operating results	**1,602**	2,849	**-990**	-1,484	**9,713**	15,410	**941**	965	**-287**	-423	**0**	0	**10,979**	17,317
Portions of results of shareholdings	**0**	0	**11**	17	**0**	0	**0**	0	**0**	0	**0**	0	**11**	17
Financial (costs) and proceeds	**-7**	-64	**-40**	-41	**-9,567**	-6,883	**-7**	92	**-30**	82	**0**	0	**-9,651**	-6,814
Income taxes													**-1,153**	-4021
Earnings (loss) for the period													**186**	6,499
Operating results include:														
Amortizations	**-88**	-464	**-1,112**	-1,088	**-14,808**	-13,462	**-198**	-611	**-7**	-18	**0**	0	**-16,213**	-15,643

The difference in the operating result of the “Betting services” operating segment is mainly due to the lower revenues as service provider and the change in the management of the Bingo games following the integration of the concession for remote gaming, in July 2011, which rendered possible the direct acceptance of the Bingo game by SNAI, transferring the revenues from services to concessions.

The difference in the operating result of the “Race track management” segment was also influenced by the reduced revenues from core business operations due mainly to the national strike conducted by works in the horse racing sector, which led to the cancellation of 13 days of harness racing in Milan, in addition to the reduction in the number of meetings scheduled for 2012. The difference in the operating result of the “Concessions” segment is due to the combined effect of the reduction in revenues from horse race betting, mainly to the national strike conducted by workers in the horse racing sector, the lower wagers related to sports betting and a higher pay-out than that registered in the same period last year, and higher revenues from entertainment devices (ADI) and on-line games, and a reduction in direct costs related to bets and entertainment devices (ADIs).

Notes on the main items in the Consolidated Statement of Comprehensive Income

The figures, which are always expressed in thousands of euros except in specific cases indicated otherwise, are compared with the corresponding amounts as of 31 March 2011.

4. Revenue from sales of goods and services

The amount of revenue from sales of goods and services in the first quarter of 2012 amounted to EUR 137,061 thousand versus EUR 156,740 thousand, and is broken down as follows:

In thousands of euros	Q 1 2012	Q1 2011	Change
Net income collected from sports and horse fixed-odds bets and "riferimento"	37,444	54,129	(16,685)
Revenue from totalisator horse racing bets, IPN and CPS	8,158	13,706	(5,548)
Revenue from entertainment machines (ADI)	76,284	72,037	4,250
Net revenue from Remote gaming (Skill/Casino/Bingo)	6,357	3,495	2,862
Revenue from bet collection services	1,771	2,488	(717)
Revenue from on-line bingo services	0	599	(599)
Revenue from service and assistance contracts	1,734	2,097	(363)
Revenue from management of race track betting	1,463	3,182	(1,719)
Management of race track and buildings	521	596	(75)
Revenue from Television Services and related	2,498	3,095	(597)
Revenue from organization and technology sales	55	40	15
Other services and sales to third parties	776	1,279	(503)
Total	**137,061**	**156,740**	**(19,679)**

The following table item is the item "Net revenue from collection of sports and horse fixed-odds bets and "riferimento"", displaying the items concerning winnings, refunds and taxes.

In thousands of euros	Q1 2012	Q1 2011
Revenue from fixed-odds sports bets	235,948	286,768
Winnings and refunds from fixed-odds sports bets	(189,372)	(221,891)
Flat-rate tax on fixed-odds sports bets	(9,631)	(11,493)
Net revenue from fixed-odds sports bets	**36,945**	**53,384**
Revenue from FO [fixed-odds] horse and sports bets *Riferimento*	5,115	8,795
Winnings and Refunds, FO horse & *Riferimento*	(3,972)	(6,950)
Flat tax on FO horse & *Riferimento*	(212)	(362)
Horse-racing tax	(432)	(738)
Net revenue from FO horse and *Riferimento*	**499**	**745**
Total net revenue from fixed-odds sports & horse bets and *riferimento*	**37,444**	**54,129**

The decrease in revenues from sports betting was due mainly to the lower wagers and higher payout as compared with the same period last year. In the first quarter of 2012, the pay-out on sports betting amounted to approximately 80.2% as compared with 77.3% in the first quarter of 2011.

Net revenue collected from sports and horse fixed-odds bets and "riferimento" also includes net revenue from fixed-odds horse and sports bets accepted through ICT channels (remote gaming) in the amount of EUR 4,397 thousand (EUR 5,639 thousand in the first quarter of 2011).

Revenues from horse race bets including national horse racing and fixed-odds bets have declined due the crisis faced by the horse racing sector which resulted in 40 days in which starting races were not declared by Italian horse racing companies; this event led to a compression of operations and of revenues in this sector.
Wagers from totalizator, IPN and CPS horse race bets include Euro 464 thousand of remote gaming (Euro 547 thousand).
Revenues from the concession for the management of the network of entertainment devices (ADI) recorded in the total amount of Euro 76,284, are stated on a gross basis including the fees due under the contract to both the manager and the merchant. Such costs are stated in the item costs for services and use of third party assets in note 7. The balance sheet includes the amount, equal to Euro 15,362 thousand, related to the "ADI security deposit" which includes 0.5 percent of the amounts wagered on each of the gaming devices connected to the electronic network (see note 20).
It should be recalled that in the decree prepared by AAMS for purpsoes of the revision of the AWP convention, the disbursement accruable of up to 0.5% of wagers was included in the new convention entered into between AAMI and concession holders, as a contractual element. The amount of the disbursement may vary on the basis of a series of service and investment parameters. On 27 July 2011, the executive decree 2011/30014/giochi/adi gave rise to new criteria and modalities for the restitution of the security deposit for years 2011 and 2012. The Group, on the bais of the information gathered and the internal verifications conducted, is of the view that the service and investment levels achieved over the current period, will allow for the accounting registration of the receivable.

7 July 2011 marked the commencement of Casino Game operations, including remote gaming services; the following table shows the breakdown of the item “Net Revenue from Remote Gaming (Skill/Casino/Bingo):

thousands of euros	Q1 2012	Q1 2011
Revenue from remote gaming	239,243	47,567
Winnings	(230,714)	(42,632)
Flat-rate tax	(2,172)	(1,440)
Net revenue from remote gaming	**6,357**	**3,495**

The item “Revenues from the management of betting in horse racetracks” has decreased also on account of the national strike conducted by workers in the horse racing sector, which led to the cancellation of 13 days of harness racing in Milan, in addition to a reduction in the number of meetings scheduled in the 2012 calendar (as of 31 March 2012, as compared with 31 March 2011, the calendar envisaged 22 fewer days: 16 of harness racing in Milan, 5 gallop/horse races in Milan in 1 in Montecatini).

The item “Revenue from Television Services and related services” mainly includes revenue generated under contract between the subsidiary Teleippica S.r.l. and ASSI (the former U.N.I.R.E.) for television broadcasts of horse races at the horse racing bet acceptance points.

5. Other revenue and income

The amount of other revenue and income of EUR 3,935 thousand (EUR 6,959 thousand):

thousands of euros	Q1 2012	Q1 2011	Change
Rental of assets and expense chargebacks	54	92	(38)
Sale of options	17	51	(34)
Active trading	3	0	3)
Income from indemnification and refunds	2,351	1	2,350
Contributions to ASSI formerly UNIRE funds	1,351	55	1,296
Other revenue and income	159	194	(35)
Total	**3,935**	**393**	**3,542**

The item “revenues from compensation and reimbursement for damages” with respect to Euro 2,337 thousand revenues from compensation indemnities received by SNAI for a number of its concessions, from AAM and deriving from the Di Majo award.

The item “contributions to ASSI, formerly UNIRE investment funds” refers to revenues recorded following the testing conducted by the Entity’s technical staff in 2011, on the works performed at the racetracks of Milan and Montecatini from 2000 until 2007, and its subsequent settlement. The registration of revenues for this item was included, on an accrual basis, in the current period, since the commitment to maintain the restriction on the use of the works in question, requested by ASSI formerly UNIRE, as a condition precedent to the disbursement of the contribution, was entered into in 2012.

6. Raw materials and consumables used

The raw materials and consumables used amount to a total of EUR 423 thousand (EUR 466 thousand for the first quarter of 2011), mainly related to materials used for bet collection, technology and the furnishings installed in the new points of sale. The capitalised assets amount to EUR 1,058 thousand (EUR 101 thousand).

7. Costs of third-party services and leasing/rental expenses

Costs of third-party services and leasing/rental expenses amount to a total of EUR 99,102 thousand (EUR 109,351 thousand in the first quarter of 2011), as item is below:

thousands of euros	Q1 2012	Q1 2011	Change
Bet acceptance management	25,279	33,202	(7,923)
Entertainment machine services	58,810	59,293	(483)
Remote gaming management (Skill/Casino/Bingo)	1,585	1,289	296
Bookmakers	419	686	(267)
Remote gaming services	96	327	(231)
Race track management	377	511	(134)
Contributions to horse racing entities	46	67	(21)
Television and radio service management	786	1,073	(287)
Workstation rental	95	93	2
Consulting and reimbursement of expenses	2,076	1,805	271
Utilities and telephone	2,252	2,382	(130)
Support and maintenance	2,061	1,946	115
Advertising and promotion	1,673	1,579	94
Information services	850	950	94
Installations, logistics and designing	444	532	(88)
Misc. occasional collaboration & services	125	465	(340)
Insurance and guarantees	362	324	38
Market research	132	205	(73)
Collecting information to prepare odds and posters	103	171	(68)
Rental fees and additional expenses	294	371	(77)
Operating leases and other leases	178	196	(18)
Directors' fees	302	349	(47)
Servicing expenses	151	139	12
Auditors' fees	62	50	12
Supervisory board fees	38	20	12
Reimbursement of expenses to mgmt/auditors	11	20	(9)
Others	495	1,306	(811)
Total	**99,102**	**109,351**	**(10,249)**

The table shows:

- the management fees for accepting bets of EUR 25,297 thousand (EUR 33,202 thousand in the first quarter of 2011) paid to bet-acceptance points that sold their concessions in March 2006 and over the subsequent years to shop managers of horse racing and sports shops linked to the award of concessions of so-called "Bersani" tender and managers of horse racing and sports betting shops of the so-called "Giorgetti" tender;
- entertainment machine service costs (totalling EUR 58,810 thousand compared to EUR 59,293 thousand in the first quarter of 2011) that include the remuneration paid to third parties responsible for collection costs, the VLT platform costs;
- the costs associated with the management of remote games (Skill, Casino and Bingo) of EUR 1,585 thousand (EUR 1,289 thousand), represented primarily by the cost for gaming platforms and online poker tournaments;

The "others" item mainly includes: security and secure transport of funds and valuables service, cleaning services, postage and shipping, waste disposal and company motor vehicle fleet management costs.

8. Staff costs

Staff costs amounting to a total of Euro 8,038 thousand, as opposed to Euro 7,580 thousand in the first quarter of 2011, showing an increase of Euro 458 thousand (+6.04%) essentially due to the increase in personnel, including the confirmation of fixed term personnel, and increases in salaries envisaged under the renewed agreements.

thousands of euros	Q1 2012	Q1 2011	Change
Wages and salaries	5,478	5,295	183
Social security charges	1,671	1,617	54
Provision for defined benefit plans/defined contribution	361	334	27
Costs for personal training	18	18	0
Reimbursement of expenses to employees	113	113	0
Vouchers and company canteen	191	179	12
Other personnel costs	206	24	182
Total	**8,038**	**7,580**	**458**

The entry "provision for benefit plans/defined contribution" also includes the effects of the income statement stemming from the valuation of the Severance fund per IAS 19.

The organization's consistency at the end of the financial year is illustrated in the following table, which shows an increase of 53 units as compared with 31 December 2011, mainly due to the stabilization, through a direct hiring, of personnel party to prior fixed term arrangements with the Group and the implementation of "core business" structures.

31.03.2011		31.12.2011	Entered in the period	Left in the period	31.03.2012	Average consistency over time
21	Directors	21	1	3	19	19
565	Employees and executives	594	81	28	647	651
199	Workers	92	3	1	94	94
685*	Total Employees	707 **	85	32	760 ***	764

* including 94 part-time and 15 on maternity
** including 163 part-time and 14 on maternity
*** including 160 part-time and 10 on maternity

9. Other operating costs

The other management costs amounted to a total of EUR 6,432 thousand for the first quarter of 2012 (EUR 6,796 thousand for the first quarter of 2011).

thousands of euro	Q1 2012	Q1 2011	Change
Concessions and licenses	4,013	3,907	106
% non-deductible VAT	1,241	6,431	(190)
Provision for doubtful debts	437	518	(81)
Credit losses	86	19	67
Use of depreciation allowance for credit and risk	(86)	(11)	(75)
Provision for risks	96	82	14
Representation expenses	34	77	(43)
Association contributions	41	191	(150)
Other taxes	229	233	(4)
Stationery, consumables and promotional materials	13	14	(1)
Environmental and health controls	47	0	47
Losses from sales of fixed assets	47	0	47
Other management and administrative costs	168	264	(96)
Total	**6,432**	**6,796**	**(364)**

The item for licences and concessions includes, among other things:

- the concession fee for the legal gaming on entertainment machines (ADI) of EUR 2,142 thousand, calculated at the rate of 0.30% of the volume wagered and paid into AAMS on a bimonthly basis;

- the concession fee for the marketing of fixed-odds betting on sporting events other than horse racing and non-sporting events as per Art. 4 of the Convention, approved by Directors Decree 2006/22503 of 30/06/06, and the marketing of public gaming concessions in "the pursuit of horse racing and sports betting" on the rights assigned by the tender in 2006 (called Bersani rights) and rights granted by the tender of 2008 (called Giorgetti rights), as provided by the respective concessions for EUR 1,583 thousand;

- the concession fee for remote public gaming, as provided by the related concession equalling EUR 188 thousand;

- the fee owed for television business of EUR 87 thousand.

In the first quarter of 2012, a provision for doubtful debts was made for EUR 437 thousand to be in alignment with the best estimates of recoverability for payables regarding previous financial years related to the characteristic business of the Group that have proven over the course of management increasingly difficult for collection.

During the first quarter of 2012 an allocation for risks was made for technological adaptations equalling EUR 96 thousand in accordance with Art. 19 of the AWP Concession.
The item "% non-deductible VAT", equal to EUR 1,241 thousand, is due to the different types of activities carried out by SNAI S.p.A., by Festa S.r.l., and by Societa Trenno S.r.l, which generate revenues from services partly subject to VAT, and partly VAT exempt, resulting in non-deductible VAT reflected on purchases.

The companies SNAI S.p.A., Festa S.r.l, and Societa Trenno S.r.l. have opted for separate activity for VAT purposes, implying that, for purchases related to activities that generate taxable transactions, the VAT is deductible, while that on purchases that generate exempt transactions it is entirely non-deductible.

As regards the tax on goods and services used variously throughout all activities, the VAT will be deducted within the limits of the part that can be attributed to the pursuit of the activity that produces the taxable income to which it refers; the cost of the non-deductible VAT was calculated by determining specific breakdown criteria.

10. Capitalised costs for internal works

Capitalised costs for internal work, amounting to a total EUR 191 thousand (EUR 191 thousand) are substantially related to:

- the new Betsi Terminal feature implementations;
- the development of Central Systems to implement the effectiveness of services provided;
- implementing of a new customer management portal: Partner.Snai.It;
- the new implementations related to transaction security and Fraud Management;
- the development of systems of Business Intelligence and DSS;
- the implementation of new acceptance modalities for LIVE betting;
- implementation of the display system Jackpot VLT;
- the development of a new mobile system for the acceptance of bets;
- implementation of Self Service systems;
- implementation of new HD graphic pages.

11. Depreciation and write-downs

Amortisations and depreciations amounted to a total of EUR 16,213 thousand for the first quarter of 2012 (EUR 15,643 thousand), as detailed below:

thousands of euro	Q1 2012	Q1 2011	Change
Amortisation of intangible assets	11,195	10,069	1,126
Amortisation of tangible fixed assets	5,018	5,574	(556)
Total	**16,213**	**15,643**	**570**

For more details on amortisation and depreciation, refer to notes 14 and 15 on tangible and intangible fixed assets.

12. Financial income and charges

Net charges totalled EUR 9,640 thousand, an increase of EUR 2,843 thousand mainly due to initiating loans in March 2011, (see note 27) as detailed below:

thousands of euro	Q1 2012	Q1 2011	Change
Income and expenses from investments			
Appreciation/(depreciation) Alfea S.p.A.	11	17	(6)
	11	**17**	**(6)**
Financial income			
Interest income to SNAI S.p.A Services.	0	384	(384)
Interest income to Tivu + S.p.A in Liquid.	0	49	(49)
Interest income to Teseo S.r.l in Liquid.	0	40	(40)
Profits on foreign exchange	0	1	(1)
Bank interest income	108	24	84
Other interest income	183	241	(58)
Proceeds from discounting retirement benefits	0	8	(8)
	291	**747**	**(456)**
Borrowing costs			
Bank charges	182	172	10
Other interest expense	45	18	27
Exchange rate losses	3	11	(8)
Commissions on guarantees	738	564	174
Interest expenses on bank accounts	123	145	(22)
Interest liabilities and accessory expenses on leasing	1,537	1,389	148
Interest expenses on loans	6,188	5,068	1,120
Loan charges from discounting liabilities	62	194	(132)
Financial charges related to invalidity quota of derivative hedging	5,577	4	5,573
Other financial charges	9,942	**7,561**	**2,381**
Total	**(9,640)**	**(6,797)**	**(2,843)**

The item for financial income shows the interest income earned on bank accounts of EUR 108 thousand and other interest income for EUR 183 thousand mainly calculated on the extensions granted on commercial loans.

Among the financial charges are:
- charges calculated in accordance with the depreciated cost method under IAS 39 by applying the effective interest rate on loans (for more details on financing refer to note 27) for a total of EUR 6,188 thousand of which EUR 1,301 thousand can be attributed to accessory costs;
- interest expenses calculated on financial leasing equalling EUR 496 thousand and expenses on leasing equalling EUR 1,041 thousand, including non-deductible VAT;
- other financial charges, including EUR 702 thousand for commission expenses on loans and EUR 350 thousand as a differential related to derivatives.

For more details about the existing sections to companies of the group, refer to note 34 “Related Parties”.

13. Income taxes

Current income taxes of the fully consolidated companies, including IRES and IRAP, and the prepaid tax and deferred assets tax shown in the first quarter of 2012, show a positive value of EUR 1,153 thousand.

thousands of euro	Q1 2012	Q1 2011
IRES	260	240
IRAP	653	910
Provision for deferred tax liabilities	1,263	1,257
Use of deferred tax liabilities provision	(689)	(680)
Prepaid taxes	(925)	(529)
Use of deferred tax credit	591	2,823
Total	**1,153**	**4,021**

For more details about the effects resulting from the tax charge and consolidated tax, refer to what is specified in detail in note 17, "Prepaid tax assets and deferred taxes" of these explanatory notes. The year 2006 is defined for the purposes of direct and indirect taxes.

The table shown below shows the reconciliation between the tax charges of IRES and IRAP resulting from the short-form financial statement as of 31 March 2012 and the theoretical amount (in thousands of euro):

		Q1 2012		Q1 2011
Pre-tax profit		1,339		10,520
Theoretical IRES tax charges	*27,50%*	(368)	*27,50%*	(2,893)
Theoretical IRAP tax charges	*4,20%*	(56)	*3,90%*	(410)
Total recovery/(Charge) theoretical tax		**(424)**		**(3,303)**
Fines, Penalties and other Fees		(43)		(73)
Investment depreciation		(280)		(384)
Other permanent non-deductible costs		(73)		(97)
Other permanent deductions		17		29
Other permanent deductions of subsidiaries		6		6
		(797)		**(3,822)**
Permanent differences in Irap (including employees)		(356)		(199)
Recovery/ (Charge) current tax	*-86,14%*	**(1,153)**	*-38,23%*	**(4,021)**

Please refer to paragraph 28 for more details on tax disputes.

Notes to the main items on the consolidated balance sheet - financial situation

The comparison between values, always expressed in thousands of euro unless otherwise indicated, is done with the corresponding balances at 31 December 2011.

14. Tangible fixed assets

The consistency of property, plant and equipment at 31 March 2012 equals EUR 154,518 thousand (EUR 157,033 thousand). Changes in the year are due to the combined effects of depreciation for the year totalling EUR 5,018 thousand, investments EUR 2,558 thousand, and divestitures/sales, net of depreciation, for EUR 55 thousand.

In thousands of euro	Buildings and grounds	Plant and machinery	Industrial and commercial equipment	Other goods	Assets in progress and advances	Total
Cost						
Balance at 31 December 2011	**137,229**	**146,498**	**7,157**	**21,123**	**7**	**321,014**
Reclassifications	0	0	20	(20)	0	0
Other increases	518	1,294	12	730	4	2,558
Decreases	0	(1,761)	0	(87)	0	(1,848)
Balance at 31 March 2012	**137,747**	**146,031**	**7,189**	**21,746**	**11**	**312,724**
Depreciation and impairment losses						
Balance at 31 December 2011	**27,739**	**110,365**	**6,469**	**10,408**	**0**	**154,981**
Amortisation for the year	735	3,672	58	553		5,018
Write-downs		0				0
Divestitures		(1,752)	0	(41)		(1,793)
Reclassifications	0	0	0	0	0	0
Balance at 31 March 2012	**28,474**	**112,285**	**6,527**	**10,920**	**0**	**158,206**
Book values						
At 31 December 2011	109,490	36,133	688	10,715	7	157,033
At 31 March 2012	109,273	33,746	662	10,826	11	154,518

The item property, plant and equipment includes electrical, water, fire, and air conditioning systems, as well as operations for adaptation to the standards thereof in electronic machines, entertainment machines ("slot machines"), and the PDAs used for connecting the slots to the network.

The change in the scope of consolidation by acquiring control of Teleippica S.r.l. for EUR 17,137 thousand essentially consists of equipment for the transmission of television signals divided into the following categories: radio bridges EUR 5,986 thousand, transponder systems EUR 8,287 thousand, directed systems EUR 2,072 thousand and synchronisation and control systems EUR 76 thousand.

Increases at 31 March 2012 , equalling EUR 2,558 thousand, mainly refer to:

- the item Buildings and Grounds for EUR 518 thousand and relating to improvements on properties;
- the item plants and machinery for EUR 1,294 thousand related to: EUR 285 thousand in electrothermal and electrical plants, EUR 688 thousand for technology provided in loan to retailers, EUR 188 thousand for the ADI/Videolottery network construction, EUR 22 thousand for hardware the the performance of parent company activities and EUR 111 thousand for the cost of acquiring instrumental assets (servers, printers, PCs and monitors);
- the item commercial and industrial equipment for EUR 12 thousand relating to the purchases of horse racetrack equipment for Milan and Montecatini and their related activities;
- the item other goods for EUR 730 thousand related to: EUR 350 thousand for furniture delivered on loan to new stores and shops (Bersani rights), EUR 168 thousand in support of stores operated by itself, EUR 122 thousand for Videolottery room furnishings, and EUR 90 thousand for company offices.

In property, plant and equipment the borrowing costs were not capitalised since the Group does not have any qualifying activities, as defined in IAS 23.

Leasing

The Group has concluded lease contracts for the use of certain plants, machinery and equipment that will end at various expiries up to June 2016. These contracts provide clauses for redemption and/or extension.
The property of Porcari, included in buildings and grounds, is leased through financing with the company Ing Lease Italia S.p.A., for a historical cost of EUR 3,500 thousand, of which EUR 382 thousand is related to grounds, and EUR 715 thousand to a depreciation fund, at 31 March 2012, of EUR 725 thousand.

Below is the table of the minimum future fees for financing leases:

thousands of euro	Total
Total commitment at 31.03.2012 of which	28,146
Fees due within 12 months	15,026
Fees due between 1 to 5 years	13,110
Fees due beyond 5 years	10
Redemption	912

The fees with operating lease expiries do not involve significant amounts.

15. Intangible assets

The item for intangible assets at 31 March 2012 consists of EUR 405,939 thousand (416,613 thousand), the changes in the year due to the combined effects of depreciation for the year amounting to EUR 11,195 thousand, net divestments of EUR 2 thousand and investments of EUR 523 thousand.

thousands of euro	Goodwill	Concessions licenses trademarks similar rights	Development costs	Industrial patent rights and use of intellectual property	Other	Assets in progress	Total
Cost							
Balance at 31 December 2011	**231,605**	**381,088**	**7,043**	**13,381**	**4,905**	**41,495**	**679,517**
Reclassifications		5,627	0	0	0	(5,627)	0
Other increases	0	0	14	178	87	244	523
Decreases	0	0	(54)	(7)	0	0	(61)
Balance at 31 March 2011	231,605	**386,715**	**7,003**	**13,552**	**4,992**	**36,112**	**679,979**
Depreciation and impairment losses							
Balance at 31 March 2012	**74**	**244,196**	**3,666**	**11,599**	**3,369**	**0**	**262,904**
Amortisation for the year		10,701	276	72	146		11,195
Write-downs		0	0	0			0
Divestitures			(54)	(5)	0		(59)
Reclassifications				0			0
Balance at 31 March 2012	**74**	**254,897**	**3,888**	**11,666**	**3,515**	**0**	**274,040**
Book values							
At 31 December 2011	231,531	136,892	3,377	1,782	1,536	41,495	416,613
At 31 March 2012	231,531	131,818	3,115	1,886	1,477	36,112	405,939

The investments of Euro 523 thousand related mainly to the following:

- the item "industrial patent rights and use of copyrighted works" in the amount of Euro 178 thousand, of which Euro 134 thousand concerned SPSS systems for predictive analysis for marketing purposes.
- The item "others", with respect to Euro 87 thousand concerns long-term costs incurred for the implementation of software programs, of which Euro 73 thousand concerned the software for casino table games "PoketBet" and "CardDerby" ;
- The long-term investments in place in the amount of Euro 244 thousand, of which Euro 191 thousand refer to internal development and Euro 46 thousand concern the implementation of the software Tagetik.

In the intangible fixed assets in progress are the acquired rights for the VLT for EUR 35,472 thousand relating to gaming machines that have not yet been tested by AAMS, and EUR 350 thousand for remote gaming.

In intangible fixed assets, finance costs have not been capitalised since the group does not have any qualifying activities, as defined in IAS 23.

The existing goodwill of EUR 231,531 thousand relates to:
EUR 466 thousand for the purchase of the business "Agency" for the direct management of the betting of Capannori (Lucca) agency occurring on 27 August 2008;
- EUR 710 thousand for the goodwill generated from the aggregation by purchase of the holding in "Agenzia Ippica Monteverde S.r.l." (now merged in SNAI S.p.A.);
- EUR 11,137 thousand for goodwill net of depreciation carried over from SNAI Servizi Spazio Gioco S.r.l. incorporated in SNAIS.p.A. in 2002, related to the services division;
- EUR 218,775 thousand relates to the purchase of company concession branches with effect starting 16 March 2006;
- EUR 443 thousand carried in from Teleippica S.r.l.

On the basis of the provisions in the international accounting standards, in particular IAS 36, goodwill is subjected to analysis to verify any loss of value (impairment test).

On the basis of international accounting standards and, in particular, IAS 36, goodwill is subjected to verification to check for any losses in value, on at least an annual basis, on 31 December of each year, or more often if indicators of potential lasting reductions in value should arise. In the first three months of 2012, no events or changes occurred which would call for assessments concerning the identification of possible lasting losses in goodwill value.

16. Holdings

The Group holds shares in the following companies:

	Value in the accounts at	Value in the accounts at	Percentage of ownership	
thousands of euro	**31.03.2012**	**31.12.2011**	**31.03.2011**	**31.12.2011**
Affiliates and subsidiaries not fully consolidated				
- Hippogroup Roma Capannelle S.p.A.	186	186	27.78	27.78
- Alfea S.p.A.	1,521	1,510	30,70	30.70
- Connext S.r.l.	64	64	30	30
- Solar S.A.	53	53	30	30
- Teseo S.r.l. in liquidation	0	0	70	70
Total holdings measured using equity method	**1,824**	**1,813**		
Others				
- Tivu + S.p.A. in liquidation	0	0	19.5	19.5
- Lexorfin S.r.l.	46	46	2.44	2.44
Total holdings in other companies	**46**	**46**		

The full composition of the Group and the consolidation methods adopted are shown in annex 1.

17. Prepaid tax assets/deferred tax liabilities

The total amount of temporary differences and the tax loss to be brought forward is described in the following tables, along with the theoretical amount of prepaid and deferred taxes and the amounts included in the consolidated financial statement.

Temporary differences	Amount	Rate	Tax effect	Advances entered	Period of repayment
Provision for tax credit impairment	35,244	27.5%	9,692	9,692	2012 and following
Provision for risks	13,753	27.5%	3,783	3,782	2012 and following
Provision for inventory depreciation	287	31.7%	88	88	2012 and following
Difference between carrying amount and tax value of tangible and intangible fixed assets	8,338	31.7%	2,622	2,622	2012 and following
Interest Rate Swaps	7,204	27.5%	1,981	1,981	2012 and following
Other temporary differences	16,701	27.5% - 31.7%	4,617	4,617	2012 and following
Total	**81,527**		**22,783**	**22,782**	
Tax losses carried forward	**Amount**	**Rate**	**Tax effect**	**Benefits entered**	**Usable by**
SNAI S.p.A:					
financial year 2008	17,198	27.5%	4,729	4,729	unlimited
financial year 2009	10,024	27.5%	2,757	2,757	unlimited
financial year 2010	27,736	27.5%	7,627	7,627	unlimited
financial year 2011	26,257	27.5%	7,221	7,221	unlimited
Q1 2011	2,989	27,5%	822	822	unlimited
	84,204		**23,156**	**23,156**	
Total losses carried forward	**84,204**		**23,204**	**23,156**	
Total deferred taxes				**45,938**	

The change in deferred taxes is shown below:

	31.12.2011	alloc.	used	31.03.2012
Credit for deferred taxes	45,132	1,397	(591)	45,938

It should be noted that the Group has deferred tax assets and deferred tax liabilities amounting to a net liability of EUR 196 thousand (at 31 December 2011 it amounted to EUR - 36 thousand).

At 31 March 2012 the directors of SNAI S.p.A. confirmed the assessment of recoverability of deferred tax assets generated from the temporary differences between the carrying amount and the tax values of assets/liabilities as well as the tax losses from consolidated national tax on the basis of forecasts of future positive results expected from business plans and confirmed on the date of the assessment.

The “difference between the carrying amount and tax value of tangible and intangible fixed assets” amounting to EUR 8,338 thousand with a tax effect of EUR 2,622 thousand is mainly attributable to leasing contracts concluded in the year 2007 and before (EUR 6,910 thousand with tax effect of EUR 2,190 thousand).

The “other temporary differences” equalling EUR 16,701 thousand with a tax effect amounting to EUR 4,617 thousand are primarily attributable to interest expenses not deducted pursuant to Art. 96 TUIR [Income Tax Act] of (EUR 15,444 thousand with tax effect of EUR 4,247 thousand).

For the three-year period 2009-2011, the Group Leader renewed the option, as the consolidator, for the consolidated national tax referenced in Articles 117 et seq. of Pres. Decree 917/1988; participating in this option as a consolidated company were Festa S.r.l., Mac Horse S.r.l., and Immobiliare Valcarenga S.r.l.. Starting in the 2007 tax period, Societa Trenno S.r.l. also participated in the Group tax election. To this end, it should be noted that during the month of June 2010 the option was renewed for the period 2010-2012.

The adoption of consolidated taxation may have had some beneficial effects on the Group's tax burden, including the immediate usability, total or partial, of tax losses of the companies participating in the consolidated income period by decreasing the income possessed by other consolidated companies.

It should also be noted that SNAI S.p.A., as the consolidator, is required to pay a deposit and the IRES balance due on the basis of the consolidated income statement.

On the basis of the existing agreements, the excess tax carried forward or resulting from income statements submitted by parties that opted for the consolidated financial statements can be used by the Group Leader only with their explicit request.

The income tax payment is transferred to the consolidator via the intra-group bank account with the corresponding amount at the day of the deadline for payment of such taxes.
Since, moreover, as the consolidating company of the companies is subject to the direction and coordination of the consolidator, the advantages (or disadvantages) arising from certain consolidation adjustments are attributed to the same consolidator.
It should be noted that Art. 35 of Leg. Decree 78/2011 introduced a new procedure specifically for the assessment of entities included under national consolidation (Unified Act of assessment addressed to both the consolidator and the consolidated entities) notwithstanding the fact that the companies belonging to the consolidation are jointly responsible for the obligations arising from the same assessment.
Finally, it is noted, that "SNAI S.p.A." acting as the consolidator, and the "Societa Trenno S.p.A." (now incorporated into the same consolidator) have opted for a system of intra-group neutrality for transfers, pursuant to Article 123 of the TUIR with respect to the transfer from Trenno to SNAI of the trotting racetrack of Milan San Siro and the trotting racetrack in Montecatini Terme occurring in March 2006.

The Group, therefore, as a result of this option, has benefited from the "sterilisation" of capital gains tax due as a result of this transfer, equalling approximately EUR 32 million. Of course, this neutrality system will cease in the event of a subsequent transfer not within the neutrality system or in a case of stopping or failure to renew the consolidated national system.
The properties in question, moreover, show that deferred taxes were calculated, as explained later, following the transition to the international accounting standards.

Temporary differences	**Amount**	**Rate**	**Tax effect**	**Deferred tax liabilities**
Tax depreciation of goodwill	(10,926)	31.70%	(3,381)	(3,381)
Retirement/Severance fund	(525)	27.50%	(145)	(145)
Tax depreciation on goodwill of company branches	(84,376)	31.70%	(27,527)	(27,527)
Difference between the carrying amount and tax value of certain debts to AAMS and debt to bet acceptance points to purchase concessions	(405)	27.50%	(112)	(112)
Difference between the carrying amount and tax value of concessions	(1,745)	31.70%	(553)	(553)
Difference between carrying amount and tax value of tangible fixed assets	(41,743)	31.70%	(13,228)	(13,228)
Other temporary differences	(2,540)	31.7% - 27.5%	(796)	(796)
Total deferred tax liabilities	(146,260)		(45,742)	(45,742)

The change in the provision for deferred tax is shown below:

	31.12.2011	**alloc.**	**used**	**31.03.2012**
Provision for deferred tax	42,168	1,263	(689)	45,742

The directors of SNAI S.p.A have entered the deferred taxes generated from all the temporary differences between the carrying amount and the tax values of the related assets/liabilities. In particular, the purchased company branches, as business aggregations, were accounted for by applying the purchase method per IFRS 3.
SNAI S.p.A., therefore, noted the assets and liabilities identifiable in the purchase at the related fair value on the acquisition date and noted, thus, the goodwill only after having allocated the cost of the puchase as stated above. The value of the

concession rights entered on the balance sheet differs from the cost projected in the contract: the statutory depreciation differs from the tax depreciation per Art. 103, para. 2, Pres. Decree 917/1986 concerning deferred taxes.

This abovesaid double track is applied solely to purchases made in the course of the years preceding the 2008 tax period; for purchases occurring after the 2008 tax period, the derivation principle is applied, introduced by the Finance Act of 2008: the goal of this regulation is to accentuate the derivation of taxable income from the IAS balance sheet results.

The value of the goodwill is not depreciated but subjected to test annually to assess any impairment: tax depreciation is governed by Art. 103, para. 3, Pres. Decree 917/1986 concerning deferred taxes.
The difference between the carrying amount and tax value of property, plant and equipment amounting to EUR 41,743 thousand, with tax effect of EUR 13,228 thousand is mainly attributable to properties (former Trenno) of Milan - San Siro and Montecatini (EUR 39,876 thousand with tax of effect EUR 12,641 thousand).

18. Inventories

Compared to 31 December 2011 the item decreased by EUR 303 thousand. The composition of the inventories item is the following:

thousands of euro	31.03.2012	31.03.2011	Change
Raw materials	288	288	0
Products in process of production	83	83	0
Finished products/Goods	2,687	2,384	303
Total	**3,058**	**2,755**	**303**

The value of inventories is shown net of the provisions for stock depreciation that, at 31 March 2012, amounted to EUR 287 thousand and remained unchanged with respect to 31 December 2011. The following table shows the composition of the provisions for stock depreciation.

	31.03.2012	31.12.2011	Change
Provisions for stock depreciation			
Raw materials	78	78	0
Products in process of production	3	3	0
Finished products/Goods	206	206	0
Total	**339**	**287**	**0**

19. Trade receivables

Trade receivables comprise:

thousands of euro	31.03.2012	31.12.2011	Change
Trade receivables			
- to customers	92,306	90,249	2,057
- to Assi customers (formerly UNIRE)	13,519	14,543	(1,024)
- to stables, jockeys, bookmakers	567	686	(119)
- to parent companies Global Games S.p.A.	6	4	2
- receivables for collection and in portfolio	3,933	4,108	(175)
- fund for doubtful debts	(33,366)	(33,199)	(167)
Total	**76,965**	**76,391**	**574**

The trade receivables include balances at 31 March 2012 owed from the managers for game collections (bets and ADI) and are net of the remuneration owed to them. The trade receivables also include the legal cases of SNAI S.p.A. for EUR 39,970 thousand (EUR 39,511 thousand).

The receivable from ASSI formerly UNIRE equalling EUR 13,519 thousand includes:

- EUR 6,756 thousand for past claims, invoices for the year 2012 to be collected and receivables from financial years 2009 to 2011 for contributions to the so-called customisations of metropolitan racetracks;

- EUR 6,763 thousand for the contract concluded by Teleippica S.r.l. with UNIRE now ASSI for transportation, processing and transmission services of audio and video signals from the Italian and foreign racetracks, and the production and transmission of the channel UNIRE BLU dedicated to retailers collecting bets on "national horse races": airing daily from the studio and the other related services.

The fund for doubtful debt was determined by considering the amount of doubtful receivables, analysing the specific conditions of borrowers, any guarantees provided in favour of the Group companies and properly evaluating the chances of recovery of overdue receivables and disputes existing expressed in legal relations.
Having regard to the signature guarantees obtained from borrowers, the Fund is deemed appropriate by the directors to cope with expected future credit losses.

20. Other assets

Other non-current assets classified among other non-financial assets, are comprised as follows:

thousands of euros	**31.03.2012**	**31.12.2011**	**Change**
Other non-financial assets			
Tax Receivables			
- Revenue for tax refund	62	62	0
- Revenue for tax litigation	73	73	0
- revenue for reimbursement of IRAP	24	24	0
- revenue for capital taxes	54	54	0
	213	**213**	**0**
Other receivables:			
- security deposit assets	955	508	447
	955	**508**	**447**
Trade receivables:			
- receivables in portfolio	347	745	(398)
	47	**745**	**(398)**
Total other non-financial assets	**1,515**	**1,466**	**49**

Other current assets are comprised as follows:

thousands of euro	**31.03.2012**	**31.12.2011**	**Change**
Other current assets			
Tax Receivables:			
- Revenue for IRES deposit/credit	1,987	1,987	0
- Revenue for IRAP deposit/credit	1,691	1.692	(1)
- Revenue for VAT acc't	0	0	0
- Other loans to treasury	268	240	28
	3,946	**3,919**	**27**
Receivables from others:			
- ADI security deposit	15,362	11,792	3,570
- Advance concession fee AAMS	3,822	1,796	2,026
- Receivables from AAMS for winnings on competitions and forecasts on National Horseracing	439	255	184
- Security deposit on Remote Gaming (Skill/Bingo)	555	414	141
- Receivables from Skill Games	8	76	(68)
- Other receivables from bet acceptance points	133	133	0
- Receivables from AAMS positions for purchasing company branches	296	296	0
- Receivables from AAMS for Di Majo Award	16,153	13,816	2,337
- Receivables for paying PREU interest and penalties not owed	1,646	1,490	156
- TIVU + S.p.A. in liquidation	478	478	0
- Receivables for refunding commissions on guarantees	469	469	0
- Receivables from Bluline electronic wallet	226	226	0
- Benefits entities	161	78	83

- Other Receivables	1,724	1,821	(97)
- Fund for doubtful debts funds	(2,823)	(2,799)	(24)
	38,649	**30,341**	**8,308**
Prepayments and accrued income			
- Accrued income	16	16	0
- Prepayments	5,368	4,711	673
	5,384	**4,711**	**673**
Total other current assets	**47,979**	**38,971**	**9,008**

The ADI (entertainment machines) security deposit for EUR 15,362 thousand (EUR 11,792 thousand) is stated at 0.5% on the change in gaming generated by the entertainment machines (AWP and VLT) as better described in note 4, "revenues from sales and services."

The item advance concession fee for EUR 3,822 thousand includes the fixed installment paid to AAMS in advance for the year 2012 relating to the concession fee for horserace and sports betting. For further details, see note 9.

The item credits to AAMS for Di Majo Award refers to certain claims for compensation owed to managers or third-party dealers with respect to AAMS, deriving from the so-called Di Majo Award and transferred to SNAI in December 2011. As a result of the agreement between the majority of the members of the Award, SNAI S.p.A. becomes responsible for managing the compensation on behalf of the dealers, which will be awarded by AAMS. For this reason, the Group Leader bought these credits, which will be paid only to the extent that all the compensation from AAMS is collected. In fact the other liabilities showed the debt with respect to the originators (Note 29). The increase is due to the revenues recorded in the quarter (see note 5).

Among the prepaid assets are:

- EUR 3,919 thousand (EUR 4,321 thousand) for advance payments for commissions on guarantees and insurance premiums relating to sureties issued in guarantee of contractual obligations undertaken for our concessions and rights for machines for amusement and entertainment;
- EUR 1,449 thousand (EUR 374 thousand) relating mainly to the share of not yet matured costs on contracts for maintenance, assistance etc.

21. Current financial assets

Current financial assets are composed as follows:

thousands of euro	31.03.2011	31.12.2011	Change
Current financial assets			
Recipient bank account (Escrow Account)	188	256	(68)
Shares from The Florentine Race Course Company by swapping	1	1	0
Total current financial assets	**189**	**257**	**(68)**

The recipient bank account for the Escrow Account holds the residual balance to be attributed, as of the initiation of the new financing, to the payment of overdue debts as well as the payment of costs and reimbursements related to the transaction.

22. Cash and cash equivalents

The available cash and cash equivalents are composed as follows:

thousands of euro	31.03.2012	31.12.2011	Change
Bank accounts	38,685	39,952	(1,267)
Postal accounts	367	8	359
Cash and cash values	331	322	9
Cash and cash equivalents	**39,383**	**40,282**	**(899)**
Bank overdrafts	0	0	0
Net cash and cash equivalents	**39,383**	**40,282**	**(899)**

23. Shareholders' equity

The shareholders’ equity in the Group Leader SNAI S.p.A. at 31 March 2012, fully subscribed and paid, amounts to EUR 60,748,992.20 (at 31 December 2011 EUR 60,748,992.20) and consists of 116,824,985 ordinary shares (116,824,985 ordinary shares at 31 December 2011).

Holders of the ordinary shares are entitled to receive dividends payable from time to time and, for each share owned, have one vote to be expressed at the meetings of the company.

number of shares authorised	116,824,985
number of shares issued and fully paid	116,824,985
nominal value per share EUR	0.52

The number of shares and share capital has not changed with respect to 31 December 2011.
The shares issued are all ordinary shares.

There are no shares directly owned by the Group Leader SNAI S.p.A., nor through its subsidiaries or affiliates.

Reserves

Legal reserve

The legal reserve amounts to EUR 1,559 thousand.

Additional paid-in shares

The additional paid-in shares equalling EUR 195,904 thousand, was created with the increase of share capital, approved on 14 September 2006 and concluded on 15 January 2007, by EUR 219,535 thousand after deducting expenses net of the tax effect related to the increase in the share capital of EUR 8,216 thousand, as required by IAS 32; and using EUR 15,415 thousand to cover part of the loss for the year 2010, as approved at the shareholders' meeting of April 29, 2011.

Earnings (losses) carried over

The earnings (losses) carried forward amount to losses of Euro 43,892 thousand, the changes over the period of Euro 40,324 thousand were due to the loss for year 2011, pending coverage, since as of 31 March 2012, the shareholders’ meeting has not yet resolved upon such coverage.

Third party equity
At 31 March 2012 net third-party equity is zero, since none of the subsidiaries consolidated on a line-by-line integration method is owned in part by third parties.

24. Other components of the comprehensive income statement

Other components of comprehensive income statement derive directly from the accounting of net equity in the cash flow hedge reserve. In August 2011 two contracts were awarded to cover the interest risk of the interest rate swap transaction.
Details of the other components of the comprehensive income statement follow. (For more details see notes 27 and 34).

Adjustment of fair value interest rate swaps	1,714
Tax effect	472
Other components of the net comprehensive income statement	1,242

25. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 March 2012 was made considering the loss attributable to shareholders of ordinary shares, equalling EUR 40,600 thousand (at 31 December 2011: loss for EUR 40,324 thousand) and the weighted average number of shares outstanding during the period ending at 31 March 2012 , equalling EUR 116,824,985 (at 31 December 2011: EUR 116,824,985).

The calculation was made as follows:

in thousands	31.12.2011	31.12.2010	Restated 31.12.2010
Profit (loss) attributable to shareholders of ordinary shares = earnings for the period of the group (a)	186	(40,324)	6,499
Weighted average number of ordinary shares/1000 (b)	116,824,99	116,824,99	116,824,99
Profit (loss) per share basis (a/b)	**0,00**	**(0.35)**	**0.06**

Diluted profit/loss per share
Diluted profit/loss per share is equal to the profit/loss basis per share without financial instruments being issued with potential diluting effects.

26. Retirement or severance fund

The retirement fund at 31 March 2012 amounts to EUR 4,795 thousand as opposed to EUR 5,033 thousand at 31 December 2011.

The following table details the changes in the Fund:

thousands of euro	
Balance at 01.01.2012	**5,033**
Provision of the period	20
Used	(315)
Net finance charges	57
Actuarial Loss/(Profit)	0
Balance at 31.03.2012	**4,795**

The retirement or severance fund falls under defined benefit plans to be accounted according to IAS 19, by applying the method of unitary credit projection, which consists in estimating the amount to be paid to each employee at the time of his release by the company and by discounting the liability on the basis of a hypothesis of the time of release calculated by using actuarial methods.

28. Financial liabilities

Financial liabilities are composed as follows:

thousands of euro	31.03.2012	31.12.2011	Change
Non-current financial liabilities			
Secured funding granted by banks	263,639	259,337	4,302
Payables for financial leasing	13,349	16,277	(2,928)
Payables to bet acceptance points for the purchase of company branches of horse racing and sports betting Concessions	119	118	1
Interest rate swaps	7,201	5,475	1,726
Total other non-current liabilities	**284,308**	**281,207**	**3,101**
Current financial liabilities			
Current share of long-term loans granted by banks	75,750	75,750	0
Payables for financial leasing	17,429	19,633	(2,204
Payables to banks	13,133	17,412	(4,279)
Payables to banks for Rid flows not expired	278	365	(87)
Payables to bet acceptance points for the purchase of company branches of horse racing and sports betting Concessions	278	365	(87)
Debt to purchase shares	0	291	(291)
Total current financial liabilities	**107,791**	**113,694**	**(5,903)**

Among the financial debts are:

- the loan signed on 29 March 2011, (extensively described in the following paragraphs) entered at amortised cost totalling EUR 335,087 thousand, equalling par EUR 339,389 thousand and shown net of accessory expenses. These accessory expenses include professional fees related to concluding the financing, beyond statutory taxes due for the initiation thereof of EUR 17,211 thousand, of which the share transferred to the income statement for the first quarter of 2012 is EUR 1,301 thousand. Part of this loan, EUR 75,750 thousand, is classified among the current financial liabilities, of which EUR 70,000 thousand, due September 2012, refers to the "Bridge to Disposal" facility which provides for the possibility of an extension of the first deadline as explained in the table below.
- financial debts for leasing contracts, totalling EUR 30,778 thousand, which refer essentially to the remaining contracts for the purchase of a building site in Porcari (LU) and technologies for use in accepting bets, better described in note 14, "tangible fixed assets";
- remaining debts owed to the PAS deriving from deeds of purchase for Concession business units (Vendor Loans), with respect to installments falling due on 31 March 2012.
- the Fair Value shown at 31 March 2012 for two contracts to hedge interest risk, the Interest Rate Swap transaction, signed in August 2011 with two primary institutions for a total value of EUR 300 million with effect from 31 December 2011 and ending 31 December 2015, as better illustrated in note 34. The signing of contracts for interest risk coverage was provided, for a portion of the total value, in the loan originated in March 2011.

Non-current financial debts include EUR 147,618 thousand expiring in over 5 years.

SNAI S.p.A., as a result of agreements reached on 8 March 2011 with Unicredit S.p.A., Banca IMI S.p.A. and Deutsche Bank S.p.A., signed a loan agreement for the medium/long term, articulated in several tranches, for a total of EUR 490 million. This operation was contingent upon the completion of Global Games S.p.A. being acquired in majority shareholding in SNAI S.p.A., formerly owned by SNAI Servizi S.p.A.
According to the agreements reached on 29 March 2011, the previous loans, Senior and Junior, were appropriately reimbursed, in the context of the performance of the aforementioned acquisition.
The tranches of the loan agreement, for a total of EUR 490 million, are remunerated at the Euribor rate as contractually defined and determined, to which a margin is added ranging in size from 4.50 to 5% p.p. and can undergo adjustments by effect of the so-called Margin Ratchet and the forecast for market flex foreseen by the syndication strategy. The Group Leader has in fact signed a syndication clause for loan agreements, by which the banks originally providing the funding have the opportunity to enter the pool of other funders. If, after a certain period of time (i.e., before September 2012), the syndication is not successful, the interest rate of the loan can be changed, i.e., additional fees may be required.
Below is a brief overview of the facilities**:**

FACILITY	AMOUNT OF LOAN (€)	TERM	MATURITY	REPAYMENT MADALITIES	DRAWDOWNS/REPAYMENT	
					DATE	AMOUNT
Facility A	**115,000,000.00**	6 years	28/03/2017	**Amortizing** 12 six month installements starting on 31 December 2011	29/03/2011	**115,000,000.00**
					31/12/2011	-1,150,000.00
Facility B	**135,000,000.00**	7 years	28/03/2018	**Bullet**	29/03/2011	**135,000,000.00**
Capex facility	**80,000,000.00**	7 years	28/03/2018	**Amortizing** 9 six month installements starting on 30 June 2014	29/03/2011	11,750,000.00
					28/04/2011	23,000,000.00
Revolving facility	**30,000,000.00**	6 ayears from the date of initial disbursement		Each drawdown must be repaid on the last day of the interest period and for the entire term of the availability of such tranche alla amounts repaid may be withdrawn again		
Disposal facility	**70,000,000.00**	18 months and one days from the initial date of disbursement or in the event of extension, 7 years and 6 months from the first date of disbursement		**Bullet**	29/03/2011	70,000,000.00
Acquisition facility	**60,000,000.00**	7 ayears from the date of initial disbursement		**Amortizing** 11 six month installements starting on 30 June 2013		
Totale facility	**490,000,000.00**			**Total amount of drawdowns made 31/12/2011**		**353,600,000.00**

Among the obligations established in the loan agreement is compliance with the Financial Covenants, to be calculated starting 31 December 2011. These Covenants regard, among other things: EBITDA, net finance debt, current capital, and investments.

Commitments assumed under the loan agreement described above are detailed in paragraph 32 "Financial commitments".

28. Provisions for future risks and charges, disputes and contingent liabilities

At 31 March 2012 the provisions for risks and charges amounted to EUR 15,664 thousand and are expressed and detailed in the following table:

thousands of euro	Technological renovation	Tax litigation, civil litigation and contractual risks	Total
Balance at 31 December 2011	2,554	**13,014**	**15,568**
Provisions made during the period	96	0	96
Net uses during the period	0	0	0
Balance at 31 December 2011	**2,650**	**13,014**	**15,664**

Technological Renovation

The fund for technological renovation consists of:

- EUR 2,404 thousand from allocations for periodic adjustments to technology as provided by Art. 19 of the "Specification of charges" for "granting in concession the activation and network operations service conducted for managing lawful gaming telematics using devices for amusement and entertainment as well as the related activities and functions" from the start date the concession. The convention clause provides that each year the fund be increased by 10 euros for each permit issued and take effect at the end of the financial year;
- EUR 150 thousand from estimated costs for technological adjustments in game terminals.

Tax disputes, civil disputes and contractual risks

The risk fund for tax disputes, civil disputes and contractual risks includes the overall amount estimated to cover the remaining parts of the risk relating to the definition of relationships and litigation with others, including tax, fiscal and contributions issues, for EUR 13,014 thousand.

The risk fund for tax disputes, civil disputes and contractual risks includes EUR 1,912 thousand thousand relating to Formal Notice of Assessment - PVC for the years 2010-2011.
On 11 July 2011 the Regional Management of the Revenue Agency in Tuscany, Section for Inspections, Litigation and Collection - Large Taxpayers Office ("DRE"), initiated, within the framework of the activities of the so-called "mentorship" provided under Art. 27 of Leg. Decree 185/2008, a partial tax audit covering the tax periods for 2009 and 2010 for the regular application of withholding for tax purposes pursuant to Art. 26 et seq. of Pres. Decree 600/1973, on the interest paid against the Senior Loan (originated at Unicredit Banca d'Impresa S.p.A.) and the Junior Loan (originated with SOLAR S.A.) existing in those years. The audit at the request of the Office was then extended to the year 2011.
The reasons that led to initiating the audit are to be shown in continuing audit activities started in 2009 on the years 2006, 2007 and 2008 and ending on 1 December 2009 with the delivery of the Formal Notice of Assessment (PVC) determined on 15 October 2010, by signing an act of determination relating to all the claims arising from the investigations contained in it (the related instalment debt is included in tax payables – Note 30).
On 23 November 2011 the DRE concluded the audit in question by notifying SNAI of the Formal Notice of Assessment (PVC) which traced the same arguments discussed in the previous Formal Notice of Assessment, contesting a failure in performance, certification and payment of withholding tax on sources of interest paid to lenders.
On 23 December 2011 SNAI S.p.A. filed an application for self-defence in which it essentially asked the Office to formulate the findings of the PVC by incorporating what was already recognised by the Revenue Agency in the previous determination of the same findings for the years 2006, 2007 and 2008.
On 21 February 2012, DRE and the SNAI company reached an agreement and signed the Act of determination concerning the claims deriving from the findings contained in the PVC for the year 2009 for a total of EUR 1,954,745.22 (shown in tax payables note 30). In addition, for the years 2010 and 2011, SNAI S.p.A. is committed to the determination of the requests that DRE will issue in accordance with the same criteria identified for the year 2009 as soon as the IT procedure enables the mechanisation of the investigation.

Use during the year of EUR 848 thousand is due to: EUR 624 thousand for the determination of penalties for the late payment of the unified tax; EUR 183 thousand for the payment for the 2008 PREU realignment and EUR 41 thousand for the closing of minor disputes.

Disputes relating to the business of entertainment machines: contestations of the Court of Auditors and AAMS for alleged breaches in the management of the telematic network interconnection

In June 2007 SNAI S.p.A. in its capacity as the concessionaire for the management of the telematic network interconnection for entertainment machines received notification from the Regional Public Prosecutor of the Court of Auditors, Lazio region, of a request to present their own deductions regarding an investigation on a case of revenue damages caused by the fact that only a part of the machines were properly connected to the state computer network (SOGEI) from which the AAMS obtains the basis for calculating PREU. The hypothesized revenue loss would amount to about EUR 4.8 billion, consisting entirely of penalties for an alleged breach by the concessionaire in the service levels provided by the concession.

In the same month of June 2007, AAMS also issued the measures for imposing convention penalties for EUR 20 million against SNAI S.p.A.
SNAI S.p.A., along with other dealerships, appealed to the Court of Cassation, arguing the lack of jurisdiction of the Court of Auditors on controversial matters.
The company has also brought a claim to the Regional Administrative Court [TAR] against the measures of the AAMS.
At the hearing of 04.12.2008 the Jurisdictional Section for Lazio of the Court of Auditors ordered the suspension of the proceedings to await the ruling of the Court of Cassation.

The Court of Cassation in its United Sections with its own order confirmed the abstract admissibility of an joint action for the revenue damage under the jurisdiction of the Court of Auditors and under contractual liability (jurisdiction of the AAMS and the Administrative Court). This Order at the same time does not act to dispel the ambiguity of the original demand for compensation of revenue damage that currently, in the opinion of our solicitors, will result in the nullity of the summons to the Court of Auditors on the basis of recent regulatory provisions.

Concerning this assessment it is added that, on the merit, the damages appear unsubstantiated insofar as not demonstrated in the behaviour of the dealers.

No matter what, after the judgement of the Court of Cassation, the Court of Auditors reasserted its lawsuit, and on 24 March 2010 the company received notification (a summons) from the Regional Public Prosecutor of the Court of Auditors that set the next hearing for 11 October 2010; the hearing for discussion ended after several hours of exposition and rebuttal with the Prosecutor, with all the proceedings assumed in the decision. SNAI fully defended itself against all the objections and the Court of Auditors upheld its decision in the proceedings.
The ruling / order issued by the Court of Auditors at this time provided for a Court-appointed technical expert assigned to DIGIT-PA for conducting in-depth technical assessment, independent of the parties and the Prosecutor, setting the term for filing the report of the preliminary investigation on 11 August 2011 subsequently extended to the end of September. On 30 September 2011 DIGIT-PA filed its own expert report. The Company filed the brief of its own expert on 27 October 2011.

At the hearing of 24 November 2011, the defence attorneys defending the dealers and managers of AAMS were involved in response to the regional prosecutor's indictment that, it was learned upon the opening of the session and only because it was reported by one of the two Council rapporteurs for the hearing, further documentary evidence was filed on 22 March 2011. Following this was the obvious request of the defenders of the dealers for a continuance to examine and produce a defence to this new production, since it had remained concealed from access at the office of the Section of the Court of Auditors on the premise, repeatedly stated, that there had been no other productions by the Prosecutor. The President's opposition to allow the continuance was however firm and thus oral defence was conducted with the objection for the inadmissability of the adversary's report in the production acquired without the guarantee of discussion. The defence of SNAI concluded that the ruling should be acquittal because if the verdict were based on what was acquired by the Prosecutor on 22 March 2011, it would certainly be faulty. Aside from this procedural incident, defences were in any case developed with depth of argument in support of both the other procedural objections, for non-observance of the order of inclusion of the rebuttal (in the opinion of SNAI, the Prosecutor had not entirely duly discharged [his obligation] with the mere notification to SOGEI without any demand specifically aimed against it) and with reference to other insufficient deductions by the same Prosecutor.
On that subject, the defence of SNAI S.p.A gradually confirmed the non-existence of shut-downs, the inability to form an autonomous penalisation other than the application of contractual penalties, which fall under the jurisdiction of the State Council (which in various cases have already been recognized as unjustified) and, finally, the lack of a basis for charges of gross negligence.
As a result of this broad and complex debate, the Court assumed the case for decision.
Ruling 214/2012 published on 17 February 2012 condemned all the dealers involved; SNAI, in particular, was ordered to pay the sum of EUR 210 million (including monetary revaluation), in addition to legal interest from the date of the publication of the ruling until fully satisfied, by way of compensation for the alleged revenue damage caused by the alleged breach by the Company in the service levels required by the concession.
Today, SNAI has served the appellate brief against judgment no. 214/2012 since the same is blameworthy in many respects. It should be noted that the filing of the appeal suspends the effects of the judgment.
In light of the considerations shown above and the legal advice received, the directors believe that the risk of losing for the Company as a result of the appellate ruling may be assessed as no more than possible, and in any case for amounts likely to be resized compared to those brought in the ruling in question.
For these reasons, no provisions were set aside in the balance sheet other than the estimated amount for legal fees.

It should be noted that any negative outcome of the appellate ruling and failure to revise the amount of the penalty would have an effect on the business continuity of the Group.

With reference to the measures adopted by AAMS, the TAR already ruled on the convention penalties imposed by AAMS in June 2007, first by suspending its application and then, by providing for its annulment with ruling 2728 of 1 April 2008, now *res judicata*. Regarding a first group of three contestation – concerning the alleged delay in starting activation and in running the Network – AAMS returned to impose the related penalties respectively with memoranda ref. 33992/Games/UD dated 2 September 2008, ref. 38109/ Games /UD dated 1 October 2008 and ref. 40216/ Games /UD dated 16 October 2008, for a total amount of over 2 million euros with respect to SNAI, which challenged those decisions also before the TAR of Lazio.

The ruling of the TAR of Lazio 12245/2009 of 1 December 2009, which dismissed this second appeal, similarly to what happened in the appeals of the other nine Dealers, was appealed by SNAI and on certain appeals the State Council has already pronounced its judgement upholding the exoneration of the Dealers with extension of formula (rulings 9347/3028/2010 and 2011 made in favour of G. MATICA s.p.a and BPLUS GIOCOLEGALE Ltd).
The Fourth Section of the State Council set a hearing for 20 March 2012 to discuss the appellate ruling of SNAI.

Through judgment 2192/2012 issued on 16 April 2012, the Council of State definitively cancelled on appeal the rulings imposing the first three penalties.

With its memorandum ref. 2011/6303/Games /ADI on 22 February 2011, AAMS formally reactivated the procedure for application of the fourth penalty, referring to alleged breach of the service level of GWA during the period from July 2005 to March 2008, when the additional convention act described took place that suppressed the future provision.

On the basis of the data and criteria developed by the Technical Committee referred to above, and in compliance with the annual ceiling introduced with the last convention annal, AAMS assigned to SNAI S.p.A. the penalty in question computing it as a total of EUR 8,480,745.00 (reduced to EUR 7,463,991.85 to meet the reduced ceiling for the year 2005 on the assumption that the State Council must confirm the first three penalties).

SNAI S.p.A., as a result of partial access to the computer database collected by SOGEI S.p.A., with its brief of 8 June 2011, nevertheless made point-by-point defensive deductions about the method and substance, the reliability and correctness of the allegations, reserving the right to more consideration upon the completion of the access to the records that is expected soon.

On 28 September 2011 the full access to information concerning the question of equipment was carried out using the access gateway.
The information extracted is covered in the technical opinion of Prof. Listanti, which formed the basis for the drafting of a supplementary brief filed at AAMS on 27 October.

With memorandum ref. 2012/7455/Games/ADI of 2/17/2012 received the following 27/02/2012, the AAMS imposed a penalty on SNAI as referenced in conjunction with Art. 27, paragraph 3, sect. (b) of the Convention of concession and paragraph 2 of Annex 3, for a total amount of EUR 8,408,513.86. This measure will be challenged by SNAI first at an administrative court.
By virtue of the above and its external legal opinions, the Group considers the risk fund in the balance sheet, allocating EUR 2.2 million, sufficient to cover any liability relating to the claims of AAMS that might result from legal proceedings underway and to be commenced.

Disputes relating to the business of entertainment machines: PREU risk fund
It should be recalled that the company received some notifications from AAMS for alleged failure in terms of non-payment of PREU for the network management during the years 2004 to 2008. We report the latest developments of the various measures broken down by the year of the dispute.

On 8 January 2009 AAMS – Regional Office of Tuscany and Umbria based in Florence notified SNAI S.p.A about the findings of the automated audit concerning the liquidation of the Public Revenue Levy (PREU) relating to the years 2004 and 2005. The verification showed errors and incompleteness that were promptly detected facts shown on 6 February 2009. With a memorandum of 25 June 2009 the AAMS stated that following the comments previously cited the errors and incompleteness detected were considered. From this further verification, AAMS produced a new notification of 25 June 2009 with which it claimed the PREU to be paid as EUR 729 thousand, with interest due of EUR 451 thousand and ordinary penalties of 11,780 thousand that, reduced to 1/6, amounted EUR 1,963 thousand.
On 29 July 2009 instalments were requested as provided in the notice just examined, accepted by AAMS on 30 July 2009. On the same day the Company provided timely payment of the first instalment. At the same time, on 30 July 2009 an appeal was filed at the TAR of Lazio against that Act. A similar mechanism was pursued for PREU for the year 2006 which the AAMS in January 2010 claimed tax payable of EUR 243 thousand plus interest due of EUR 151 thousand and reduced penalties for EUR 556 thousand, for which the multiannual instalments have already been obtained. On the basis of specific legal advice, the Company deems that there are reasonable grounds to consider the outcome of the further challenge proposed positive, from which the claims can be overcome particularly with reference to the application of interest and penalties to which the Company prudently agreed with the benefit of deferral.

As a result of what is shown above, the Company has entered among its other tax liabilities the request for the years 2004-2005-2006 and has allocated an adequate risk provision to cover any liabilities relating to disciplinary penalties that may arise from the ongoing court proceedings.
On 30 December 2009, AAMS offered SNAI S.p.A. an “amicable” settlement in relation to the PREU due for the year 2007. The amount rerquested is approximately EUR 2.8 million for PREU and EUR 300 thousand for penalties and interest. On 2 February 2010 SNAI responded by citing reasons of substance, with special reference to the tally indicated by AAMS. The Company emphasised in its comments the errors and incompleteness contained in the notification which AAMS eventually quantified as EUR 646 thousand for PREU tax and a total of EUR 765 thousand as the amount due for PREU interests and penalties. This amount was allowed in payment in 20 quarterly instalments starting on 02/08/2010 until 01/06/2015. Therefore the prorated amount was entered in payables, to which a reference is made, and at the bottom was the use for the same amount.

On 16 December 2010 an additional amicable settlement arrived from AAMS for PREU relating to the year 2008 for the amount respectively of EUR 127 thousand for PREU and EUR 149 thousand in penalties and interests, against which were produced the observations and comments of the Group Leader. On 30 June 2011, SNAI received a final demand for PREU in 2008 for a total of EUR 183 thousand (EUR 45 thousand for PREU, EUR 105 thousand in penalties and EUR 33 thousand in interest). On 22 July 2011 SNAI proceeded to pay the full amount.

On 5 January 2012 an additional amicable settlement arrived from AAMS for PREU relating to the year 2009 for respectively EUR 64,137.09 for PREU, EUR 20,486.38 for interest and EUR 339,222.69 for penalties. Against which were produced the observations and comments of SNAI dated 2 February 2012. To date, no final payment ruling has been received from AAMS.

On the advice of its legal advisers, the Group believes that it is possible to prudently rely on the defensive system and, consequently, on the successful result of a further challenge proposed which will overcome the penalty claims of the tax matrix. The allocations in the balance sheet are in any case sufficient to cover the expenses arising from the dispute.

Disputes relating to the business of entertainment machines: proceedings on non-reporting promoted by the Deputy Prosecutor at the Court of Auditors

The Regional Public Prosecutor's Office of the Court of Auditors issued a penalty measure for EUR 150 million against SNAI S.p.A. for alleged failure to submit the “judicial account” relating to all economic flows resulting from the management of legal gaming in its capacity as concessionaire of the network.

By Decree of the President of the Regional Section for Lazio of the Court of Auditors the suit has been renewed for the account rendered with the term set for the related filing. With a defensive brief SNAI challenged the qualification ascribed to it, as it does not handle public money that is subject to the PREU tax. On 27 April 2010 the Regional Prosecutor sent a summons for a hearing to sentence SNAI S.p.A. for non-reporting. The Court, at the hearing for appearance and discussion of the ruling of 7 October 2010 on the penalty claimed by the Prosecutor for the alleged delay in the submission of the account, received the considerations in the accusation and defence of SNAI and the other dealers who underwent the same proceeding.
The attorneys carried out analytical considerations on the substantial unfoundedness of the demands of the investigating Prosecutor and consider that the Court may evaluate their requests for exoneration from responsibility for the delay by considering the procedures for submitting reports according to the modern case at hand by telematically communicating the relevant data to Sogei S.p.A. as substitution for the application of the rules dictated for someone who, in historic times dating back to 1862, “handles” public money.

As a result of the hearing, the Court of Auditors totally rejected the Prosecutor's demands charging AAMS with failure to formulate a judicial account within the terms of the law. On 11 March 2011 SNAI was served the Prosecutor’s appeal.
The appellate arguments, in the opinion of the Company's solicitors, appear nonetheless reasonably able to be overcome.
The deadline for appearance in the appellate proceedings will be indicated by the same Central Section of the Court of Auditors at the time of setting the hearing for the settlement proceedings that might already be set by the end of this year.
For other dealers the hearing was set for the end of February; therefore, the setting of the appeal discussion for SNAI is also imminent, for which reason a proxy has already been conferred for appearing in court (it will be a merely formal appearance with reservation of grounds at a later date).

In the opinion of legal consultants the risk of losing can be described as remote and, consistent with this level, the directors have allocated only the legal costs estimated for the technical defence.

Measure of revocation relating to 1310 horse racing rights awarded as a result of a tender as per Art. 38 Leg. Decree 223 of 4/07/2006 converted with additions and amendments into Law 248 4/08/2006

On 28 January 2009 and 30 January 2009, AAMS gave notice of the commencement of revocation proceedings, reported vaguely, for 1,896 horse race gaming rights and 192 sports gaming rights, awarded from the Bersani Tender, motivated on the findings coming from SOGEI S.p.A., which showed that at the expiry of the term of the convention opening, the operations were not useable for sales.

With respect to this initiative SNAI S.p.A promptly countered by sending a brief with deductions that end with the motion to set aside judgement on the revocation proceedings above and at the same time challenging the two measures at the TAR of Lazio.
The defensive approach is basically founded on the occurrence of certain objective circumstances not attributable to the sphere of control and reaction of the dealer SNAI that characterised the localisation stage of the rights in question.
With memorandum of 16 April 2009, AAMS announced the suspension of the procedure of revocation.

On 4 August 2011 the Group Leader received a measure from AAMS whereby it proposed the revocation of 1,310 horse race gaming rights awarded from the Bersani Tender as non-activated in the convention terms. The Group Leader appealed the decision on additional and supplementary reasons to the appeal on the merit already pending at the TAR of Lazio from 2009, which suspended the revocation proceedings in April of the same year. On 5 August 2011 the TAR of Lazio quickly responded by accepting the application for suspension and setting a Council Chamber for the date 1 September 2011, where it adopted an additional motion for continuance. The TAR of Lazio in subsequent stages postponed the precautionary injunction sought by SNAI to the discussion in Council Chamber on 23 November 2011, confirming the validity of suspension already obtained by SNAI in emergency protection.

At the hearing on 23 November the TAR of Lazio granted AAMS a term for examining the defensive brief of SNAI by providing a continuance for the hearing to 13 December 2011, during which SNAI presented a new claim focused, first on the assumption that the payment of EUR 1,000.00 annually for each assigned point means that the point is active (furthermore providing adequate proof) and, second, the fact that the investigation which should have preceded the conclusion of the proceedings, did not, and thus it cannot be reconstructed now ex post facto.
At the hearing on 13 December the SNAI defence, besides insisting on the issues brought by responding to the adversary's filing, concluded by emphasising the insuperability of the deficiencies of the AAMS's 2011 measure essentially based on the defect of the investigation.
By Order 4751 of 13 December 2011 the II Section of the TAR of LAZIO, considering payment of annual fee for the purposes of activating the outlets cannot be regarded as sufficient, as the activation must refer to the concrete operation of the collection of bets and thus the start of the marketing activity of public games, rejected the protective application of SNAI.
SNAI brought an appeal requesting the reform of the order and thus the suspension of the AAMS's 2009 measure. The hearing of arguments is set for 7 February 2012.
By Order 508/2012 of 7 February 2012 the Fourth Section of the State Council rejected the appeal for protection, consolidating the enforceability of the revocation of the 1,310 disputed rights for failure in activation. We are now awaiting the hearing to be set on the merit.
The Directors following the rejection of the application for appeal have proceeded to completely write off the concessions for which the revocation was declared enforceable, totalling EUR 8,666 thousand.

Procedure for revocation/forfeiture of certain rights awarded from the Bersani Tender
The General Directorate of AAMS in multiple measures communicated the revocation of authorisation for title and right due to non-activation or unauthorized withdrawal of gaming activities with reference to 44 rights assigned to SNAI S.p.A. from the "Bersani" tender (AAMS has notified measures to initiate the procedure for the withdrawal of authorisation and revocation of the rights with reference to 3 additional rights). The company timely objected with appropriate appeals to the TAR of Lazio.

The issues are not yet determined. On the basis of legal advice obtained in each case and the nature of uncertainty that characterizes the matter, SNAI does not currently deem the risks of losing likely in relation to these disputes.

Disputes relating to the business of betting: Guaranteed Minimums
It should be noted that SNAI S.p.A received several notifications from AAMS for the minor change made in certain horse racing and sports Concessions in the years 2007-2008 for which AAMS requested fees with respect to guaranteed minimums. We report the latest developments of the various measures broken down by the year of the dispute.

With AAMS memorandum 2009/20716 of 29 May 2009, the Authority demanded SNAI pay the guaranteed minimums for the year 2008 for a total of about EUR 11.1 million. The company on 17 September 2009, through its legal counsel, submitted a special appeal to the TAR of Lazio for its cancellation after suspending the measures requiring the payment of guaranteed minimums for the year 2008.

The TAR of Lazio agreed, with the Ruling 10860/2009 published on 5 November 2009, with the appeal brought by SNAI, overruling the demand of AAMS concerning the payment of guaranteed minimums for the year 2008.
A similar procedure was performed for the demand that AAMS promoted concerning the year 2009 for 204 horse race betting concessions totalling EUR 7.4 million against which a protection injunction was sought at the TAR of Lazio for the purpose of soliciting the determination of the proceedings.

In addition, following a dispute brought before the TAR of Lazio by many horse betting dealers for the guaranteed minimums of years 2006-2007, the TAR pronounced judgements 6521 and 6522 of 7 July 2009 overruling the demands for payment sent by AAMS, deeming them illegal insofar as they had not been preceded by a definition, as required by law, of which "methods of protecting" of the dealers preexisted the opening of the market created by Leg. Decree 223/06 (the so-called Bersani reform). The TAR also recognized the legal obligation of AAMS to adopt such measures, aimed at an overall rebalancing of the operating conditions of the concessions prior to the cited reform.

On the basis of these premises it can reasonably be considered that SNAI S.p.A., for all the dealership relationships in its ownership, should benefit from the complete reformulation of the demands made by AAMS by virtue of the adoption of measures of “protection”.

It should also be noted that, regarding the issue of guaranteed minimums, SNAI S.p.A proceeded, in fulfilment of what was requested by AAMS, without any consideration, to pay the guaranteed minimums for the year 2006 for the sum of EUR 2.4 million. The amount paid has been entered among the AAMS receivables insofar as it is deemed enforceable, and the Group Leader notified AAMS that the value of the same […] group leader rights will be represented in all appropriate venues, so that the amounts requested are attributed as equity. and the behaviour of the same Institution will be evaluated. Recently, on the appeal of other dealers, the TAR of Lazio also expressed its opinion by revoking the AAMS demands and requiring the same Institution to previously define the so-called “protection measures”; this relates to the fact that with the Bersani tender and the subsequent tenders, the territorial exclusions, previously granted within the concession acts, were in fact exceeded as a result of the award of numerous other concessions for collecting both sports and horse race bets.

Finally, also based on notifications sent by AAMS to another dealer, starting with the first fortnight in April 2011, the credit for EUR 2,429 thousand for the payment cited above for guaranteed minimums for the year 2006 paid by the Group Leader to AAMS in previous years has been applied to the current fortnightly settlements for the debts of UNIRE now ASSI.

On 12 January 2012, AAMS 226 notified its demands for payment – to which should be added 2 others on the former Agenzia Ippica Monteverde Srl - of guaranteed minimums for the years 2006-07-08-09-10 for a total amount of EUR 25,000 thousand on the assumption that the “protection methods” are expressly provided by Art. 38, para. 4 of Leg. Decree 223/06 and thus far missed, but simply for recognising the impossibility to adopt a standard for calculating guaranteed minimums different from what had already repeatedly been censured by several rulings of the TAR of Lazio, some also already past proceedings. SNAI submitted an appeal to the TAR of Lazio for the annulment, by suspension, of these measures. The hearing for discussion of the protection application is set for 21.03.2012.

The Group, also supported by the opinion of its legal advisors, believes there is no risk of having to succumb to the demands advanced by the AAMS to date.

Other Disputes

SNAI /Omniludo S.r.l.

- The company Omniludo S.r.l. is suing SNAI S.p.a. alleging a breach of obligations under an existing contract between the parties for the *management, maintenance and assistance by Omniludo S.r.l. for slot machines"* (the “Contract of 29.06.05”) requesting the court: to ascertain and declare SNAI S.p.a. liable for breach of contractual obligations and in particular the right of exclusive trade per Art. 3 and 4 of the Contract of 29.06.05; to order SNAI S.p.a. to pay compensation under various profiles for damages totalling over EUR 100,000,000.00 and the amount in any case determined in the course of the proceedings.
  The case was investigated and continued for clarification of the conclusions at the hearing on 10.12.2010, then postponed again officially to 17.06.2011. Having clarified the conclusions, SNAI S.p.a. filed a motion for a joint ruling with the other brought by the same (described below) and pending before the Court of Lucca, Dr. Giunti (R.G. 4810/10). The judge reserved his opinion.
  By order of 10.02.2012, the judge ordered that the case file be sent to the President of the Section for joinder of the present proceeding with the one pending or for reassignment thereof to Dr. Capozzi who investigated the proceeding.
  SNAI, supported by the opinion of its legal counsel, considers the risk of losing remote.
  By a ruling issued on 12.03.2012, the President of the Court ordered the joint appearance of the parties to lawsuit 4194/07 and the parties to lawsuit 4810/10 at the hearing scheduled for 11.12.2013 before Judge Frizilio, for a possible joinder of the lawsuits.
- Lawsuit 4810/2010. With the act served on 16.11.2010 SNAI S.p.a., given the severely delinquent conduct in the obligations under the Contract of 29.06.05, sued Omniludo S.r.l. before the Court of Lucca to hear and accept the following conclusions:

1) As certain and declare the breach of Omniludo S.r.l. in respecting the assignment procured and the commitments as per the cited contract;
2) As certain and declare the termination of the Contract of 29.06.05 given the serious breaches of Omniludo S.r.l. with respect to its conventional and legal obligations;
3) order the defendant to pay damages to the extent (conservatively) of EUR 40,000,000.00 subject to a different equitable settlement and clarification of the *quantum* in the filings per Art. 183/6 c.c.p., both in lost profits and the injury caused to the image and goodwill.

At the same time, SNAI S.p.a. submitted a motion per Art. 163-bis c.c.p. aimed at obtaining the abbreviation of the terms in the summons; the abbreviation was granted by decision of the President of the Court of Lucca issued on 05.11.2010 that set the hearing date for 07.01.2011. The case was postponed officially to 02.02.2011. At this hearing, the judge continued the case for preliminary deductions to 18.05.2011 citing the terms of Art. 183 para. VI c.c.p. The hearing was officially postponed to 23.11.2011.

At this hearing, the judge reserved his opinion on the preliminary claims. By order of 7.3.2012, in dissolution of the reservation, the Court deemed the case ready for a decision postponing the same to a hearing on 11.12.2013 for clarification of the conclusions. By a ruling dated 12.03.2012, the President of the Court orered that lawsuit 4194/07 be called together with lawsuit 4810/10 at the hearing scheduled for 11.12.2013 before judge Frizilio for the possible joinder of the two lawsuits. On 03.04.2012, OMNILUDO filed a request for revocation of the court order issued by the Judge on 12.03 and the simultaneous anticipation of the hearing scheduled for 11.12.2013.
The Judge's decision is still pending.

SNAI / Blue Line S.r.l.

Blu Line S.r.l, with summons served on 17.06.08, is suing SNAI S.p.A., for having received the mandate to promote the services of "SNAI Card" and gaming terminals "Point SNAI Web", to hear and accept the following conclusions:

1) ascertain the contractual breach of SNAI S.p.a., and thus order the termination of all contracts made with the same;
2) order SNAI S.p.a. to pay compensation of all the damages sustained and being sustained to an extent of not less than EUR 20,000,000.00, plus interest or in a different measure that will be recognised and determined by the Court, also at its discretion.

SNAI S.p.a., with the act served on 04.06.08, countersued Blu Line S.r.l. asking the Court to ascertain and declare that:

1) the contractual relationship between SNAI S.p.a and Blue Line S.r.l has definitively and legitimately ceased;
2) SNAI S.p.a. has not committed any breach of contract against Blu Line S.r.l. and that, therefore, the latter is not entitled to any claim for damages.

The two cases were joined and defined by Ruling 530 issued on 18.04.2011, with which the Court of Lucca:

- declared terminated by breach of SNAI S.p.a. certain contracts concluded with Blu Line S.r.l., ordering the former to pay compensation to Blu Line S.r.l. of EUR 95,000.00 plus interest and appreciation;
- declared terminated by breach of Blu Line S.r.l. the contract of 14.08.2007 ordering the same to pay SNAI S.p.A. EUR 321,490.64 plus interest and appreciation;
- rejected the application for compensation of Blu Line S.p.a. brought for EUR 20,000,000.00.

Therefore, the amount due from Blu Line S.r.l. to SNAI S.p.a. by effect of the offset equals EUR 266,170.42.
SNAI S.p.A served the act of covenant and commenced the executive action of distraint from third parties and from the debtor. Due to the failure of the executive action SNAI decided to promote foreclosure proceedings. In fact, the filing for bankruptcy is underway.
Indeed, at SNAI's request, Blu Line was declared bankrupt through judgment no. 283/12 issued on 22.03.2012. The hearing for the verification of the creditors list is scheduled for 26.10.2012.

The credit entered on the balance sheet was consequently written down for the amount as deemed unreasonable.

Tesi Stefano/SNAI S.p.A.

With an action per Art. 702 c.c.p. served to SNAI on 19.10.11. Mr Stefano Tesi is suing SNAI S.p.A. A hearing set by the judge for **26.01.12** will rule on whether to order the same to pay EUR 13,476,106.10 - or whatever the court deems just – above expenses, on the allegation that the defendant had not yet rendered payment of the "extraordinary" winnings that the plaintiff won via a SNAI VLT.

Snai will appear in court under the terms of the current law to challenge the legality of the facts in the adverse claim insofar as, by law, the VLT cannot dispense winnings over EUR 500,000.00 and pending the summonsing the manufacturer, as the case at hand is probably the result of a defective VLT. Following the submission of the motion for postponement by SNAI so as to proceed to serve the third party with a summons (BARCREST Group Limited, based in the United Kingdom), the Court of Lucca postponed the hearing to 03.07.2012.

SNAI, supported by the opinion of its legal counsel, believes that the risk of losing is remote with respect to the amount demanded by the counterparty.

This likewise considers that the summonsed manufacturer, Barcrest Ltd, will be guarantor of any disbursement that SNAI is forced to make under any law by virtue of Mr Tesi's demand.

Ainvest Private Equity S.r.l./SNAI S.p.A.

By a statement of claim served on 14 March 2012, Ainvest Private Equity S.r.l. summonsed SNAI before the Court of Lucca for a hearing scheduled on 29 June 2012, claiming alleged success fees related to the Company's attainment of bank financings. SNAI will appear in the proceedings by the legal deadlines and raise its defensive arguments and the objection that the counterparty's claims are baseless.

29. Various debts and other liabilities

The various debts and other non-current liabilities are as follows:

thousands of euros	31.03.2011	31.12.2011	Change
Various debts and other non-current liabilities			
Tax payables			
- Formal Notice of Assessment [PVC] instalments	2,401	3,195	(794)
	2,401	**3,195**	**(794)**
Other payables			
-for previous years PREU instalments	714	807	(93)
- for non-compete Pact	0	1,568	(1,568)
- for security deposit liabilities	11	13	(2)
	725	**2.388**	**(1.663)**
Total Payables and other non-current liabilities	**3.126**	**5,583**	**(2,457)**

Other current liabilities are composed as follows:

thousands of euro	31.03.2012	31.12.2011	Change
Other current liabilities			
Tax payables			
- income taxes	4,674	4,058	616
- VAT	107	1,104	(997)
- Unified Tax	13,966	9,713	4,253
- Formal Notice of Assessment [PVC] instalments	3,210	3,201	9
- other Payables	1,293	1,050	243
	23,250	**19,126**	**4,124**
Payables to Social Security Institutions			
- Insurance Agencies	1,911	2,285	(374)
	1,911	**2,285**	**(374)**
Other payables			
- to AAMS for PREU settlement	7,568	9,871	(2,303)
- to AAMS for ADI Security deposits	1,199	2,335	(1,136)
- for previous years PREU instalments	445	437	8
- to winners and jackpot VLT reserve	722	1,233	(511)
- to players for winnings and refunds Bets/IPN/CPS	3,683	2,674	1,009
- to ASSI (former U.N.I.R.E.) to fortnightly settlements	1,812	2,154	(342)
- to AAMS for tickets required	257	296	(39)
- to AAMS to Forecast conc. National and horseracing and betting	3,076	3,815	(739)
- to balances on play cards SNAI card	4,852	4,979	(127)
- to players of Remote Gaming (Skill/Casino/Bingo)	161	194	(33)
- for management of Remote Gaming (Skill/Casino/Bingo)	745	259	486
- for transfer of Di Majo Award credit	13,816	13,816	0
- for non-compete pact	1,568	1,001	567
- to employees and collaborators	2,861	3,088	(227)
- to directors	776	890	(114)
- to auditors	360	320	40
- for security deposits	1,688	1,538	39
- to others	1,810	1,771	39
	53,632	**54,899**	**(1,267)**
Accruals and deferred income			
- accruals	632	79	559
- deferred income	231	178	53
	863	**257**	**606**
Total other current liabilities	**79,656**	**76,657**	**3,089**

The PVC debt by instalments for a total of EUR 6,396 thousand relates to the determination of findings and consequent acceptance of the Formal Notice of Assessment - PVC notified in December 2009 and November 2011, of which EUR 2,401 thousand is due at over 12 months and EUR 3,201 thousand within 12 months. The total includes the amount for taxes, penalties and interest as defined in the closing of the cited findings of the investigations with accession respectively on 14 October 2010 and 21 February 2012 where it was also agreed on deferred payments in 12 quarterly instalments (for more details refer to note 28).

The increase in the single tax is due to the new deadline for the payment of the single tax on bets, introduced by the thousand extensions decree ("*decreto mille proroghe*"). Under the new version of the text, approved by the presenters and the Government, starting on 1 March 2012, the deadline for the payment of the single tax on horse racing bets and on bets on events other than horse races is scheduled for 20 December of the same year and 31 January of the following year, with reference to the single tax due, respectively, for the period September through November and for the month of December, and on 31 August and 30 November with reference to the single tax due for periods from January through April and from May through August of the same year.
Entered among the other current and non-current liabilities are "payables for non-compete Pacts" shown as a result of the commitment by some directors and former administrators not to carry out activities of competition starting April 1, 2011 and for a period of 3 years.
The item payables to others for transfer of Di Majo Award credits relates to buying some credits from managers or third-party distributors; for more details see note 20.

The debt relating to the single levy of tax assessment (PREU), calculated on the movement of entertainment machines (ADI), was entered net of the dealer Price adjustment on the basis of the AWP collection(estimated for the year 2011 at EUR 8,852 thousand).

30. Trade Payables

Trade payables are as follows:

thousands of euros	**31.03.2012**	**31.12.2011**	**Change**
Trade payables			
- suppliers	23,193	21,596	1,597
- stables, jockeys, bookmakers	1,710	4,051	(2,341)
- foreign suppliers	4,396	3,638	758
- advances to suppliers	(2,342)	(1,220)	(1,220)
- credit/debit notes receivable	(179)	(678)	499
- payables to affiliate Connext S.r.l.	157	159	(2)
- payables to subsidiary Tivu + S.p.A in liquid.	43	43	0
Total trade Payables	**26,978**	**27,589**	**(611)**

31. Overdue indebtedness positions

As required by the Consob Disclosure Protocol 10084105 dated 13 October 2010, the indebtedness positions of the group are stated, broken down by type, with specific statement of the amounts expired.

(amounts in thousands of euros)

Current liabilities	**Balance at 31.03.2012**	**of which were due on 31.03.2012**
Financial Payables	107,791	-
Trade Payables	26,978	6,529
Tax payables	23,250	-
Payables to Social Security Institutions	1,911	-
Other payables	53,632	-
	213,562	**6,529**

Trade payables: the analytical amounts are presented in 30, Trade payables. These debts arise from current relationships with suppliers for goods and services. Overdue amounts at the date of 31 March 2012, of EUR 6,529 thousand, fall within the current operations with service providers, services and materials; these amounts, predominantly, were paid after 31 March 2012. In some cases a new deadline was formalised. At present, no action has been initiated by any supplier.

32. Financial commitments

The Group, in addition to what is registered in financial liabilities, has entered into financial commitment for the grant of bank guarantees in a total amount of Euro 200,138 thousand as of 31 March 2012 (Euro 234,531 thousand as of 31 December 2011).

With respect to the amounts registered in the financial statement as of 31 December 2011, set forth below are the changes in financial commitments.

GUARANTOR	BENEFICIARY	SUBJECT MATTER OF THE GUARANTEE	(DECREASES)/ INCREASES 31.03.2012 (thousands of Euro)
BNL	AAMS	Horse racing concession	(708)
BPM	AAMS	Horse racing concession	(127)
BINTER	SOCIETA' IMMOBILIARE TIRRENA PER AZIONI	Security for the obligations arising under the lease agreement	(19)
BINTER	SOCIETA' IMMOBILIARE TIRRENA PER AZIONI	Security for the obligations arising under the lease agreement	(12)
BINTER	SOCIETA' IMMOBILIARE TIRRENA PER AZIONI	Security for the obligations arising under the lease agreement	(21)
TORO ASS.	MINISTRY OF ECONOMIC DEVELOPMENT	For the competition "Buone Feste … Bingo Snai"	(44)
L'AURORA	ASSI (formerly UNIRE)	Security for the obligations of concession holders related to the horse racing concessions	(25,806)
L'AURORA	ASSI (formerly UNIRE)	Security for the structured debt related to the horse racing concessions	(7,585)
SIEMENS RENTING	SIEMENS LOCAZIONE	Financial lease agreement in the interest of Trenno Srl	(10)
IFINC SPA	AAMS	For the concession for the acceptance of horse racing and sports bets	(61)
		Total (decreases)/increases	**(34,393)**

33. Related parties

The Consob Notice 6064293 of 28 July 2006 requires that, in addition to the provisions of the international accounting standard on “Budgetary Policy on transactions with related parties” (IAS 24), information on the impact of the transactions or positions with related parties is provided, as classified by the same IAS 24, concerning the economic situation, assets and finances.

The following table shows these impacts. The impact that these operations have on the economic results and cash flows of the company and/or the group must be analyzed while considering that the main existing relationships with the related parties are exactly identical to the equivalent existing contracts with third parties.

The Group performs services for dealers of horse racing and sports betting acceptance points, as previously noted. Some dealers and managers of retail outlets (horse racing and sporting shops) can be attributed as the members of the Board of Directors of the Group Leader. The transactions, provided in standard contracts, are adjusted to market conditions entirely identical to those of third-party dealers.
The operation of purchasing branches of the company on 16 March 2006 is substantially attributable to a transaction with related parties as most of the company branches purchased by SNAI S.p.A. were directly or indirectly attributable to members of the Board of Directors of SNAI S.p.A., which they were holding, directly and/or indirectly through companies they had shares in or belonging to their families.
The contract clauses for purchasing the company branches, as those relating to contracts for the management and provision of services, which are seen as a counterpart of the related party, are identical to those of similar contracts with third parties.
With the purchasing of the company branches, SNAI S.p.A also signed management contracts to use services related to the point operations management with game acceptance points that transferred the concessions. The cost was commensurate with the total volume of bets for all the company branches acquired with the same percentage used for company branch concessions acquired by third parties.

The following table shows a summary of the relationships with related parties of the SNAI Group:

Thousands of euro	31.03.2012	% incidence	31.12.2011	% incidence
Commercial receivables:				
- owed by companies owned by the Group's directors	12,139	15.77%	13.365	17,50%
- owed by Global Games S.p.A.	6	0.01%	4	0,01%
- owed by other related parties	874	1.14%	159	0,21%
	13,019	16.92%	13.528	17,72%
Total assets	**13,019**	**16.92%**	**13.528**	**17,65%**
Commercial debts:				
- owed to companies owned the Group's directors	29	0.11%	29	0.11%
- owed to Tivu + S.p.A. in liquidation	43	0.16%	43	0.16%
- owed to Connext S.r.l.	157	0.58%	159	0.58%
- owed by other related parties	108	0.40%	-	0.00%
	337	1.25%	231	0.85%
Other current Liabilities:				
- owed to companies owned by the Group's directors	3,51	4.41%	3,548	4.63%
- owed to the SNAI S.p.A.'s directors under a Non-compete Agreement	1,134	1.42%	567	0.74%
- owed by Global Games S.p.A.	1	0.00%	-	0.00%
	4,645	5.83%	4,115	5.37%
Other non-current liabilities:				
Owed to directors of SNAI S.p.A. under the non-competition agreement	-	0.00%	1,134	20.31%
	-	0.00%	1,134	20.31%
Total liabilities	**4.982**	**0.88%**	**5,480**	**0.96%**

The assets are presented net of the related provision.

The following table shows the economic values to related parties:

thousands of euro	Q1 2012	% impact	Q1 2011	% impact
Revenues for services and chargebacks:				
- to companies ascribable to Group directors	102	0.07%	612	0.39%
- to Global Games S.p.A.	1	0.00%	-	0.00%
- to other related parties	15	0.01%	-	0.00%
	118	**0.08%**	**612**	**0.39%**
Other revenues				
- to Tivu + S.p.A. in liquidation	-	0.00%	1	0.25&
	-	**0.00%**	**1**	**0.25&**
Interest income:				
- to companies ascribable to Group directors	17	5.84%	82	10,98%
- to Teseo S.r.l. in liquidation	-	0.00%	40	5.35%
- to Tivu + S.p.A. in liquidation	-	0.00%	49	6.56%
	17	**5.84%**	**171**	**22.89%**

Total revenues	**135**	**0.10%**	**784**	**0.50%**
Costs for raw and consumable materials used:				
- from Connext S.r.l.	-	0.00%	1	0.21%
	-	**0.00%**	**1**	**0.21%**
Costs for services and chargebacks:				
- to companies ascribable to Group directors	5,040	5.09%	16,326	14.93%
- from Connext S.r.l.	187	0.19%	203	0.19%
- from Solar S.A.	-	0.00%	80	0.07%
- from other related parties	210	0.21%	-	
	5,437	**5.49%**	**16,609**	**15.19%**
Interest expense and commissions:				
Loan charges Solar S.A.	-	0.00%	1,575	20.83%
Figurative loan charges on vendor loan to companies ascribable to Group directors	-	0.00%	49	0.65%
	-	**0.00%**	**1,624**	**21.48%**
Total costs	**5,437**	**4.97%**	**18,234**	**15.53%**

Revenues for performance of services and chargebacks and other revenues affect the Result before amortisation, depreciation, finance expenses/ income, taxes of 0.43% in the first quarter of 2012 (1.85% in the first quarter of 2011) while Total revenue affects the profit (loss) for the first quarter of 2012 at 72.58% (12.06% in the first quarter of 2011).
Costs for the purchase of semi-finished and finished products, raw materials and consumables and for performance of services and chargebacks affect the Result before amortisation, depreciation, financial expenses/ income, taxes for 19.99% in the first quarter of 2012 (50.09% in the first quarter of 2011), while the total costs affect the profit (loss) for the 2,923.12% in the first quarter of 2012 (280.57% in the first quarter of 2011).

Set forth below is a table showing relationships with SNAI S.p.A.'s related parties as of 31 March 2012, as requested in Consob notification prot. no. 10084105 dated 13 October 2010.

Thousands of euro	**31.03.2012**	**31.12.2011**
Commercial receivables:		
- owed by companies owned by SNAI Groups directors	12,138	13,364
- owed by Global Games S.p.A.	6	4
- owed by Società Trenno S.r.l.	231	211
- owed by FestaS.r.l.	22	23
- owed by Mac Horse S.r.l.	1	2
- owed by Immobiliare Valcarenga S.r.l.	-	1
- owed by SNAI Olé S.A.	-	1
- owed by Snai France	-	1
- owed by Faste S.r.l. in liquidazione	-	1
- owed by Teleippica S.r.l.	8	12
- owed by other related parties	874	159
Totale commercial receivables	**13,280**	**13,779**
Other current assets:		
- owed by Società Trenno S.r.l.	3	6
- owed by FestaS.r.l.	562	562
- owed by Mac Horse S.r.l.	72	72
- owed by Immobiliare Valcarenga S.r.l.	39	39
Total other current assets	**676**	**679**
Financial receivables:		
- owed by Società Trenno S.r.l.	6,285	4,778
- owed by FasteS.r.l. in liquidation	-	457
- owed by SNAI France	7	5
Total financial receivables	**6,292**	**5,240**

Total assets	**20,248**	**19,698**
Other non-current liabilities		
- owed to SNAI S.p.A.'s directors	-	1,134
Total other non-current liabilities	**-**	**1,134**
Commercial debts:		
- owed to companies owned by the SNAI Group's directors	29	29
- owed to Trenno S.r.l.	54	188
- owed to Festa S.r.l.	1,161	124
- owed to Teleippica S.r.l.	-	1
- owed to Connext S.r.l.	156	154
- owed to Tivu + S.p.A. in liquidation	43	43
- owed to other related parties	108	-
Total current financial debts	**1,551**	**539**
Other current liabilities		
- owed to companies pertaining to directors of the SNAI group	3,510	3,548
- owed to directors of SNAI S.p.A.	1,134	567
- owed to Global Games S.p.A.	1	-
- owed to Società Trenno S.r.l.	2,776	2,711
- owed to Festa S.r.l.	3	-
- owed to Teleippica S.r.l.	13	-
Total other current liabilities	**7,437**	**6,826**
Current financial debts:		
- owed to Festa S.r.l.	1,243	2,632
- owed to Mac Horse S.r.l.	332	347
- owed to Immobiliare Valcarenga S.r.l.	182	162
- owed to Teleippica S.r.l.	1,539	1,243
Total current financial debts	**3,296**	**4,384**
Total liabilities	**12,284**	**12,883**

The assets are stated net of the related fund.

Thousands of euro	**Q1 2012**	**Q1 2011**
Revenues for services and chargebacks:		
- from companies owned by the SNAI Group's directors	102	612
- from Global Games S.p.A.	1	-
- from Società Trenno S.r.l.	666	674
- from other related parties	15	-
Total revenues for services and chargebacks	**784**	**1.286**
Other revenues		
- from Società Trenno S.r.l.	763	755
- from Festa S.r.l.	37	59
- from Mac Horse S.r.l.	8	8
- from Immobiliare Valcarenga S.r.l.	3	2
- from Faste S.r.l. in liquidation	1	8
- from Teleippica S.r.l.	132	129
- from Tivu + S.p.A. in liquidation	-	1
Total other revenues	**944**	**962**

Earned interest:		
- from companies owned by the SNAI Group's directors	17	82
- from Società Trenno S.r.l.	73	122
- from SNAI Olé S.A.	-	10
- from Faste S.r.l. in liquidation	8	1
- from Teleippica S.r.l.	-	135
- from Teseo S.r.l. in liquidation	-	40
- from Tivu + S.p.A. in liquidation	-	49
Total earned interest	**98**	**439**
Total revenues	**1,826**	**2,687**
Costs for raw materials and consumer materials used		
- charged by Connext S.r.l.	-	1
Total costs for raw materials and consumer materials	**-**	**1**
Costs for services and charge-backs:		
- charged by companies owned by the SNAI Group's directors	5,04	16,326
- charged by Società Trenno S.r.l.	74	81
- charged by Festa S.r.l.	1,311	1,432
- charged by Mac Horse S.r.l.	101	133
- charged by Solar S.A.	-	80
- charged by Teleippica S.r.l.	548	545
- charged by Connext S.r.l.	187	202
- charged by other related parties	210	-
Total costs for services and chargebacks	**7,471**	**18,799**
Costs of seconded personnel		
- charged by Società Trenno S.r.l.	34	35
- charged by Teleippica S.r.l.	1	-
Total costs of seconded personnel	**35**	**35**
Other operating costs		
- charged by Società Trenno S.r.l.	4	-
Total other operating costs	**4**	**-**
Interest payable and fees		
Interest payable to Festa S.r.l.	32	30
Interest payable to Mac Horse S.r.l.	5	5
Interest payable to Immobiliare Valcarenga S.r.l.	2	2
Interest payable to Teleippica S.r.l.	18	-
Financial charges Solar S.A.	-	1,575
Financial charges on Vendor Loan owed to companies belonging to the SNAI Group's directors	-	49
Total interest payable and fees	**57**	**1,661**
Total costs	**7,567**	**20,496**

34. Financial risk management

The Group has financial liabilities mainly consisting of structured bank loans and financial leasing contracts. These contracts are medium-long term.
These liabilities were accessed as a function of important operations for strategic development planned and completed from 2006 to 2011, in order to acquire company branches and concessions, new rights, and to consolidate and implement its presence on the market.
It should be remembered that in addition to the increase in the Share Capital of SNAI S.p.A., completed in January 2007, through which financial resources were created for EUR 249,961 thousand, in March 2011 the company signed a new loan agreement for a total of EUR 490,000 thousand, in order to properly structure their opportunities for growth, to support the investment needed for the development plan and to allow sufficient autonomy and cash flexibility. This financing, structured in six different lines, as of 31 December 2011 was partially used for a total of EUR 353,600 thousand.

The Group's policy is to minimize recourse to expensive credit to support ordinary operations, reduce collection time for trade receivables, schedule time and extension instruments to trade creditors, and plan and diversify investment payment methods.

Derivative financial instruments
Derivative financial instruments are used by the SNAI Group for the purpose of covering current or anticipated exposure to interest rate risk as provided by the Group Policy for managing interest rate risk.
The objective pursued by the group through the rate risk management is to reduce the variability of anticipated flows, without precluding the possibility of qualifying for any lowering of interest rates, and thus by identifying a mix between fixed-rate and floating-rate exposure believed to be in line with these objectives.
In accordance with what is set forth by IAS 39, derivative financial instruments are measured at fair value and are accounted for in accordance with the procedures established for hedge accounting if meeting the requirements provided by the standard.

Fair value
Fair value is the amount at which an asset could be exchanged, or a liability settled, in a free transaction between informed and independent parties.
The fair value of a financial instrument at the time of initial measurement is normally the transaction price, i.e., the cost given or received. However, if part of the cost given or received is for something other than financial instruments, the fair value of the instrument is estimated using an assessment technique.
The existence of official prices in an active market is the best proof of fair value and, when they exist, these are used for the assessment of assets or the financial liability.
If the market for a financial instrument is not active, the fair value is determined using an assessment technique that uses mainly market factors and possible internal parameters.
The financial instruments of the Group assessed at fair value are only the derivative contracts whose value is determined with assessment models and parameters observable on the market; thus, according to the hierarchy of fair value in IAS 39, the instruments are at fair value level 2.

Criteria for the determination of fair value
The Group has used assessment techniques consolidated in market practice for the determination of the fair value of financial instruments for which no active market exists.
The mark-to-market values resulting from the application of pricing models are periodically compared with the mark-to-market supplied by banking counterparts.

Hedge Accounting
Depending on the type of risk, the following accounting treatment is applied:
- Fair value hedge - if a derivative financial instrument is designated as a hedge for exposure to changes in the fair value of an asset or liability in the balance sheet at particular risk that could cause effects on the income statement:
  - the changes in the fair value of a hedging instrument are shown in the income statement;
  - the changes in the fair value of the item covered, attributable to the covered risk, change the carrying value of this item and are shown in the income statement;
- Cash flow hedge - if a derivative financial instrument is designated as a hedge for exposure to changes in cash flows of an asset or liability in the balance sheet or of an operation foreseen as highly likely, the effects to be reported are as follows:

the portion of the change in the value of an effective hedging instrument is shown directly in the shareholders' equity and equals the lesser (in absolute value) between the cumulative change in the fair value of the hedging derivative starting from the commencement date of the same hedge;
the cumulative change in the net present value of the cash flows expected against the hedge instrument, starting from the commencement date of the coverage.

- the portion not effective is determined as the difference between the change in the value of a hedging instrument and the effective component recorded in shareholders ' equity, and is included in the income statement;
- the amounts recorded in the shareholders' equity as a component of an effective hedge are transferred to the income statement for the time(s) when the item covered is shown in the income statement.

If the conditions for the application of hedge accounting do not occur, the effects deriving from the assessment at fair value of the derivative financial instrument are shown directly in the income statement.

Currently the Group has concluded derivative financial instruments in hedging interest rate risk which are treated in the hedge accounting (cash flow hedge).

The Group, in order to verify the effectiveness of the hedges made conducts quarterly prospective and retrospective tests.
Prospective tests provide that at the beginning and for the whole duration of the hedging relationship, each hedge must prove to be highly effective, whereby effective means that changes in the fair value or cash flow of the item must compensate "almost entirely" the changes in fair value or cash flow of the instrument hedged.
Retrospective tests provide that the coverage is proven to be highly effective when its results fall within a range between 80% and 125%.
The Group, in order to periodically verify the effectiveness of the hedge, uses the method of the Dollar Offset Method or Ratio Analysis.
As of 31 March 2012 the verification of effectiveness using the Dollar Offset Method showed that the hedges put in place by the Group are effective.

Existing derivative financial instruments at 31 March 2012

As of 31 March 2012, the Group has two existing derivative financial instruments (Interest rate swaps) concluded to cover the interest rate risk connected to financing issued by Unicredit Banca S.p.A., IMI S.p.A and Deutsche Bank S.p.A. The Group chose account for these derivatives using hedge accounting and treat them as cash flow hedges in accordance with the rules provided in IAS 39.
In particular the two IRS [interest rate swap] contracts, concluded respectively with Banca IMI S.p.A., and Unicredit S.p.A. were put in place to cover Facility A, Facility B and the Capex Facility.

The following table shows in summary the movements of the cash flow hedge reserve in the first quarter of 2012. The ineffectiveness of the year equals EUR 12 thousand.

Movement of cash flow hedge reserve (values expressed in thousands of euros).

Cash Flow Hedge reserve – Interest rate risk	**31.03.2012**
Initial reserve	**(3,970)**
Positive (+) / negative (-) changes in reserve by showing a positive/negative effect	**(1,254)**
Positive (+) / negative (-) changes by transfer of negative/positive effect to the income statement	**12**
Final reserve	**(5,212)**

Liquidity risk

The liquidity risk is defined as the possibility that the Group fails to keep its payment commitments due to the inability to raise new funds (funding liquidity risk), the inability to sell assets on the market (asset liquidity risk), or being be forced to sustain very high costs to meet their commitments. The Group's exposure to this risk is especially connected to the commitments arising from the finance transaction entered into in March 2011 with Unicredit Banca S.p.A., IMI S.p.A and Deutsche Bank S.p.A., articulated in the different lines.
The table below contains an analysis of the expiries based on the contractual obligations for undiscounted repayment on the different funding lines accessed in March 2011, the two contracts of Interest Rate Swaps hedge and the existing Leasing as of the date of 31 December 2011. The cash flows are entered in the first timeframe where they may occur (values expressed in thousands of euros).

Interest Rate Risk

Within the framework of financing activities related to carrying out its characteristic business, the group is exposed to interest rate risk which can be defined as the possibility that a loss could occur in the financial management, in terms of lower yield on an asset or a liability cost (existing and potential), as a result of changes in interest rates.
The interest rate risk is represented, thus, by the uncertainty associated with the trend of interest rates.
The Group's exposure to this risk, on the date of 31 December 2011, in particular regards the loans accessed in March 2011, articulated in the different lines, all at variable rate. The Group, has assumed the obligation, in reference to the above loans, to obtain suitable hedging instruments to cover the interest risk on some of the financed lines. Also, the Group, as required by Group Policy for the management of the interest rate risk, proceeded in August 2011 to conclude two IRS (Interest Rate swap) contracts with two primary lenders to cover part of the exposure to interest rate risk inherent in the financing.
The aim of the management of interest rate risk is the immunisation of the Group's financial margin with respect to changes in the market rates by controlling volatility and maintaining consistency between the risk and return profile of financial assets and liabilities.
Variable rate instruments expose the group to variability in cash flows, while those at fixed rates expose the Group to the variability of fair value.

Credit risk
In order to reduce and monitor the credit risk, the SNAI Group adopted policies and ad hoc organizational tools.
Potential relationships are always subject to prior reliability analysis through the use of information taken from leading companies. The analyses are properly supplemented with objective and subjective elements when available within the Group, leading to the reliability assessment. This assessment is subject to review on a regular basis or, where appropriate, following the emergence of new elements.
The debtors of the Company (customers, managers of shops and game points, AWP and VLT operators etc.) are often acquainted and known to the Group, thanks to their now well-established and long-standing presence in all the market service sectors, featuring a limited number of established operators.
Various relationships are previously covered by guarantees or surety deposits, issued in favour of the group based on the characteristics determined by the reliability assessment.

Established relationships are constantly and regularly monitored by a dedicated structure connected with the various functions involved.
The credits are regularly subjected to analytical assessment. In particular, credits are stated net of the depreciation allowance. Allocations to the doubtful debts fund are recognized when there is objective evidence about the difficulty of recovering the credit from the company. Where credits are deemed uncollectible, the deletion is made.
With regard to the financial instruments listed above, the maximum exposure to credit risk, without considering any collateral held or other instruments for credit risk mitigation, equals the fair value.
The risk regarding other financial assets of the group is limited.

Currency exchange risk
There are no operations worthy of note that can generate risks from changes in the exchange rate.

Capital management
The Group's capital management is aimed at ensuring a solid credit rating and appropriate levels of capital to support industrial activity and investment plans, in compliance with the contractual obligations undertaken with lenders.

The group, to the extent permitted by the terms of the funding in place, can provide dividends to shareholders and issue new shares.

The Group analyzed its capital through a debt-to-capital ratio, i.e., the ratio between the net debt and shareholders' equity plus net debt. The Group's policy aims to maintain the ratio between 0.3 and 1.0.

thousands of euros	31.03.2012	31.12.2011
Interest-bearing borrowing	391,702	394,127
Non-interest-bearing borrowing	397	774
Financial liabilities	392,099	394,901
Trade payables and other payables	109,760	109,739
Current financial assets	(189)	(257)
Cash and cash equivalents	(39,383)	(40,282)
Net debt	**462,287**	**464,101**
Shareholders' equity	209,294	210,350
Total shareholders' equity	**209,294**	**210,350**
Shareholders' equity and net debt	**671,581**	**674,451**
Ratio of net debt/shareholders' equity plus net debt	68.8%	68.8%

35. Events and significant non-recurring transactions

In the first quarter of 2012, there are no revenue items or non-recurrent cost items, pursuant to Consob Resolution 15519 of 27 July 2006 which defines them as “income components (positive and/or negative) deriving from events or transactions whose occurrence is not recurring or from those transactions or facts that do not recur frequently in the usual course of business”.

36. Positions or transitions arising from atypical and/or unusual transactions

In the first quarter of 2012, no atypical and/or unusual transactions were undertaken.

37. Group entities

Group control
SNAI S.p.A., the group leader, is subject to the legal control of Global Games S.p.A.

Significant holdings in subsidiaries

	Percentage of ownership		
	31.03.2012	**31.12.2011**	**31.03.11**
IMMOBILIARE VALCARENGA S.r.l. unipersonal.	100	100	100
FESTA S.r.l. unipersonal	100	100	100
Mac Horse S.r.l. unipersonal	100	100	100
Societa Trenno S.r.l. unipersonal	100	100	100
Faste S.r.l. unipersonal (formerly Autostarter)	100	100	100
SNAI Olè S.A.	100	100	100
SNAI France S.A.	100	100	100
Teleippica S.r.l.	100	100	100

The full composition of the Group and consolidation methods adopted are set out in Annex 1.

38. Net financial position

As required by CONSOB notification of July 28, 2006 and in accordance with the CESR recommendation of 10 February 2005 "Recommendations for uniform implementation of European Commission Regulations on prospectuses", it should be noted that the Group's net financial position is as follows:

thousands of euros	**31.03.2012**	**31.12.2011**
A. Cash	331	322
B. Other cash and cash equivalents	39,052	39,960
bank accounts	*38,685*	*39,952*
postal accounts	*367*	*8*
C. Securities held for trading	1	1
D. Liquidity (A) + (B) + (C)	**39,384**	**40,283**
E. Current financial receivables	**188**	**256**
- designated bank account (Escrow Account)	188	256
G. Current portion of non-current debt	75,750	75,750
H. Other current financial payables	17,708	20,289
- to purchase company branch and agency holding	0	291
- to purchase horse racing and sports betting concessions	278	365
- financial instruments	0	0
- payables to other lenders	17,708	19,633
I. Current finance debt (F) + (G) + (H)	**107,791**	**113,694**
J. Current net financial debt (I)- (E)- (D)	**68,219**	**73,155**
K. Non-current bank debt	263,639	259,337
L. Bonds issued	0	0
M. Other non-current liabilities	20,669	21,870
- payables to other lenders	13,349	16,277
- to purchase horse racing and sports betting concessions	119	118
- Interest rate swaps	7,201	5,475
B. Non-current finance liabilities (K) + (L) + (M)	**284,308**	**281,207**
O. Net finance liabilities (J) + (N)	**352,527**	**354,362**

Compared to 31 December 2011, the net financial liabilities decreased by EUR 1,835 thousand as a combined effect resulting from cash flows coming from customary management and operations related to the provision of new funding, as described in note 27 “Financial liabilities”.

The most relevant items are summarised below:

- Drawdown of Capex Facility of Euro 3,000 thousand on 29 March 2012; on 31 December 2011 the first installment of Facility A was reimbursed in the amount of Euro 1,150 thousand;
- Payment of Oid Fee of Euro 3,400 thousand;
- Repayment of debt for the purchase of the shareholding in Agenzia Ippica Monteverde for Euro 291 thousand.

As requested in Consob notification prot. no. 10084105 dated 13 October 2010, set forth belowe is the net financial position of the Parent Company **SNAI S.p.A.**.

(thousands of euros)	**31.03.2012**	**31.12.2011**
A. Cash	180	194
B. Other cash and cash equivalents	37,337	36,935
bank accounts	36,97	36,928
postal accounts	367	7
C. Securities held for trading	1	1
D. Liquidity (A) + (B) + (C)	**37,518**	**37,130**
E. Current financial receivables	6,480	5,496
- finance acc’t to subsidiaries	6,292	5,240
- designated bank account (Escrow Account)	188	256
F. Current bank debt	14,333	17,655
G. Current portion of non-current debt	75,750	75,750
H. Other current financial payables	20,958	24,619
- finance acc’t to subsidiaries	3,296	4,384
- to purchase horse racing and sports betting concessions	278	365
- to purchase company branch and agency holding	0	291
- payables to other lenders	17,384	19,579
I. Current finance debt (F) + (G) + (H)	**111,041**	**118,024**
J. Current net financial debt (I)- (E)- (D)	**67,043**	**75,398**
K. Non-current bank debt	263,639	259,337
L. Bonds issued	0	0
M. Other non-current liabilities	20,651	21,847
- payables to other lenders	13,331	16,254
- to purchase horse racing and sports betting concessions	119	118
- Interest rate swaps	7,201	5,475
N. Non-current finance liabilities (K) + (L) + (M)	**284,29**	**281,184**
O. Net finance liabilities (J) + (N)	**351,333**	**356,582**

38.1 Covenants

Loan agreements in place, as is customary in this type of funding, entail a number of obligations.
SNAI S.p.A., in fact, is committed to compliance with the financial parameters resulting from agreements reached with Unicredit Banca S.p.A., IMI S.p.A and Deutsche Bank S.p.A. relating to financing in the medium/long term for up to EUR 490 million (for more information see note 27).
In particular these financial parameters relate to the maintenance of certain ratios between the cash flows with respect to financial indebtedness, the “Consolidated EBITDA “ and the investments. The EBITDA is defined in the financing agreement and indicates the consolidated result before interests, taxes, depreciation and provisions and all the special and non-recurring items.
The counting made for the application of the covenants at 31 December 2011 does not exceed the contractual parameters.

SNAI S.p.A is also obliged to provide its lenders periodic evidence of financial statements, as well as performance indicators (key performance indicators), with respect to the SNAI Group, regarding, among other things, the EBITDA, net finance debt and working capital, starting from October 2011.

It should be noted that the non-observance of the above-mentioned financial covenants and obligations cause SNAI S.p.A. to be denied the term benefit.

39. THE BOARD OF DIRECTORS' OBSERVATIONS ON BUSINESS PERFORMANCE

The SNAI Group's consolidated interim financial statement for period ended 31 March 2012 shows a total net loss of Euro 1,056 thousand (including the effect of the derivatives) as comparied with earnings of Euro 6,499 thousand in the first quarter of 2011 following amortizations and amounts set aside on reserve totaling Euro 16,213 thousand (Euro 15,842 thousand in the first quarter of 2011).

The Group's core business operations show before tax results, write-downs, financial proceeds/costs and taxes – EBITDA – that is positive, amounting to Euro 27,192 thousand, down Euro 5,967 thousand with respect to the same period last year (Euro 33,159 thousand in the first quarter of 2011).

Revenues for the first quarter of 2012 amount to Euro 40,996 thousand (Euro 157,133 thousand in the first quarter of 2011), and such decrease is mainly due to the decline in revenues from sports betting due to lower wagers and a higher pay-out as compared with the same period last year and horse betting due to the crisis affecting the segment.

The Group's net financial position as of 31 March 2012 amounts to Euro 352,527 thousand as compared with Euro 354,362 thousand as of 31 December 2011.

39.1 Observations on the trend in gaming and betting over the period ended 31 March 2012

The first quarter of 2012 showed a pay-out (percentage of jackpots paid to betters out of wagers received) on sports betting amounting to 80.2% as compared with 77.3% in the same period in 2011.

The volume in sports betting wagers as of 31.03.2012 amounted to Euro 235.26 million as compared with Euro 286.34 million in the same period last year (-17.84%).
Net revenues from sports betting amount to Euro 36,945 thousand as compared with Euro 53,384 thousand for the same period in 2011.
Horse race betting, including the national horse race sector and fixed-odds betting as of 31.03.2012 registered a decrease in wagers which amount to Euro 93 million, down 41.55% as compared with the same period last year; the performance trend is in line with the trend in the national market.

Revenues from horse race betting, including the national horse race sector and fixed-odds betting declined by Euro 5,794 thousand and as of 31 March 2012 amounted to Euro 8,657 thousand, as compared with Euro 14,451 thousand in the same period of 2011. The decrease was due mainly to the 40 days of failure to declare the starting races on the part of Italian horse race companies. Such event caused a compression in performance and revenues in this sector.

Revenues from the entertainment devices segment (ADIs) amount to Euro 76,284 thousand and include the revenues from VLT – Video Lotteries and AWP devices also referred to as Slot machines. Volumes in wagers amount to Euro 712.64 million as of 31 March 2012 as compared with Euro 568.56 million in the same period in 2011, it should be recalled that the VLTs became operational in mid-January 2011.

The continued implementation of remote games (Skill Games, Casinò Games and Bingo) has led to wagers, in the first three months of 2012, of Euro 239.24 million and revenues of Euro 6.36 million.

39.2 Progress Report on the Business Plan

The Business Plan 2011 – 2014 approved by the Board of Directors at the meeting held on 23 March 2011 was based upon:

- The development of the segment of horse race betting and fixed-odds sports betting in the role of both concession holder and service provider, continuing in the strategic approach defined in 2006;
- The launch and development of the VLTs segment: through the provisions of the Abruzzo decree, the VLT terminals were introduced to the Italian market, allowing existing concession holders for the management of the network and the devices referred to in paragraph 6a (AWPs) to use such terminals until 2019. The SNAI Group purchased 5.052 rights with an outlay of Euro 76 million, already paid in its entirety;
- The launch and development of the virtual horse races by on-line concession holders of the Bersani network, as well as the casino games and cash games business activities as part of the development of the broader context of remote gaming.

The Board of Directors' meeting held on 27 January 2012 approved the 2012 Budget, focused on the Group's development and growth strategies listed above. In particular, we confirm the objective of completing the installation of all of the VLTs for which the Company obtained the concession (5,052 rights) despite the temporary block of the machines provided by the supplier Barcrest. It should be noted that on 16 April 2012, an unusual peak in payment requests through merely apparently winning tickets occurred on the Barcrest system (one of the VLT platforms used by the Company).
Following this episode, SNAI S.p.A. immediately blocked the Barcrest System in order to conduct the necessary checks and inspections by consulting the database containing the registrations of all of the gaming transactions concluded on the platform and its approximately 1,450 terminals, including the related system logs.
The Barcrest system is still blocked as of the date of this financial statement. In terms of expected economic results, the failure to reactive the Barcrest system in a timely manner could have adverse effects, which however would be limited given the reduced margins of this platform as compared with the other one. In addition, corrective actions taken focus on the installation of the second platform in the high performing Barcrest rooms, and an increase in new arcade rooms that exceeded expectations, should attenuate any repercussions of a pro-longed period of blockage.

The VLT segment is the segment showing the fastest growth and may well contribute significantly to the improvement of the Group's profitability. The VLTs will be located throughout the territory, in line with a strategy based upon maximum efficiency and performance.
The other qualifying points include the optimization of the distribution Network through the segmentation of gaming rooms/arcades and the achievement of their full potential. In this regard, new formats will be realized for shops and their presence in corners will be increased.
On-line products and services will be further reinforced with the objective of achieving full development potential, also by taking advantage of possible synergies with physical gaming.
In year 2012, games related to Virtual Events will also be launched, the rules on which are pending approval by the Regulatory Entities.

39.3 IV Penalina

With memorandum ref. 2012/7455/Games/ADI of 17/02/2012 received the following 27/02/2012, AAMS imposed a penalty on SNAI as referenced in conjunction with Art. 27, paragraph 3, sect. (b) of the Convention of concession and paragraph 2 of Annex 3, referencing the alleged breach of the GWA service level during the period from July 2005 to March 2008, for a total amount of EUR 8,408,513.86.
On 27 April 2012, an appeal was filed setting forth a challenge against such ruling before the Administrative Judge, requesting the cancellation of the same, through a precautionary injunction.

39.4 Sentenza della Corte dei Conti

On 17 February 2012 the Court of Auditors Jurisdictional Section for the Lazio region, issued decision 214/2012 in ruling on the administrative responsibility brought by the Regional Prosecutor for Lazio with summonses issued on 3 and 4 December 2007 against 10 dealers collecting from legal gaming machines of amusement and entertainment, including SNAI S.p.A., in relation to the event in question connected to penalties for alleged breaches in managing the startup phase of the telematic network. This ruling condemned the Company to pay the sum of EUR 210 million (including monetary revaluation), in addition to legal interest from the date of the publication of the sentence until fully paid, by way of compensation for the alleged tax damage caused by the alleged breach by the Company in the service levels required by the concession.
On even date herewith, SNAI filed an appeal against judgment no. 214/2012, as the same is blameworthy for a number of reasons. It should be noted that the filing of the appear suspends the enforceability of the judgment.
The filing of the appeal gives rise to the automatic suspension by law of the judgment under appeal.

39.5 Termination of the agreement for the acquisition of Cogemat S.p.A.

With reference to operation of integration with Cogetech S.p.A ("Cogetech"), also among the dealers sentenced in the ruling as per paragraph 3 and condemned to pay the sum of EUR 255 million, on 24 February 2012 the Board of Directors of the company, in light of the ruling, acknowledged the voiding of that contractual commitments for acquiring Cogemat S.p.A ("Cogemat") in accordance with the agreement signed on 29 December 2011 (see press release dated 29 December 2011).
The Board of Directors also decided to cancel the convening of the general and extraordinary shareholders' meetings of 28 and 29 February called to decide on a series of proposals by the Board of Directors for the implementation of the agreement, among which was the capital increase reserved to Cogemat shareholders.

39.6 Entertainment devices - PREU

On 5 January 2012 an additional amicable settlement arrived from AAMS for PREU relating to the year 2009 for respectively EUR 64,137.09 for PREU, EUR 20,486.38 for interest and EUR 339,222.69 for penalties, against which SNAI produced observations and comments on 2 February 2012. To date, no final payment ruling has been received from AAMS.

39.7 *Procedure for revocation relating to certain rights of horse racing points awarded from the Bersani Tender*
By Order 508/2012 of 7 February 2012 the Fourth Section of the State Council rejected the appeal for protection, consolidating the enforceability of the revocation of 1,310 disputed rights for failure of activation. We are now awaiting scheduling of the hearing on the merits.

39.8 Guaranteed minimums
On 12 January 2012, AAMS 226 notified its demands – in addition to 2 others to the former Agenzia Ippica Monteverde Srl - for payment of guaranteed minimums for the years 2006-07-08-09-10 for a total amount of EUR 25,000 thousand on the assumption that the "Protection modalities" provided by Art. 38, pars. 4 of Leg. Decree 223/06 have been implemented, and so far absent, but simply for purposes of recognising the impossibility to adopt a policy of guaranteed minimum calculations different from what had already repeatedly been censured by several rulings of the TAR of Lazio, some of which have already become final and enforceable. SNAI entered an appeal to the TAR of Lazio for the cancellation, with prior suspension, of these measures. The hearing for discussion of the protection measure is set for 21.03.2012.
Through court ruling no. 1036/2012 dated 22.03.2012, the Second Section of the Lazio TAR, while acknowledging the initiative undertaken to settle at the regulatory level the long-standing matter concerning the "protection modalities" suspended the enforceability of the reiterated requests for the guaranteed minimums for 2006-2010, postponig the discussions on the merits to the hearing scheduled for 5 December 2012.

39.9 Closing of Formal Notice of Assessment - PVC
On 21 February 2012, DRE and the SNAI company reached an agreement and signed the Act of determination concerning the claims in the findings contained in the PVC for the year 2009 for a total of EUR 1,954,745.22 (for more details see note 28).
The agreement reached provides as follows: (i) application of conventional 10% withholding tax (in lieu of the 12.5% national amount); (ii) applying a total penalty of 120% (instead of 150%) on interest paid to SOLAR SA; (iii) nesting the penalties relating to non-operation in the withholding against the funding from Unicredit Banca d'impresa S.p.A., and finally (iv) in penalties thus determined applying a reduction of one-sixth of the minimum required by law.
In addition, for the years 2010 and 2011, SNAI S.p.A. is committed to defining the requests that DRE will issue in accordance with the same criteria identified for the year 2009 as soon as the IT procedure allows the mechanisation of the investigation.

39.10 Liquidation of Mac Horse S.r.l.
On 16 March 2012 Mac Horse S.r.l. was placed in voluntary liquidation. Dr. Stefano Marzullo was appointed to the position of Liquidator.

39.11 Ruling no. 381/2012 issued by the Council of State
With Ruling 381/2012 the Council of State annulled the decision of Autorità Garante della Concorrenza e del Mercato (AGCM) issued in 2005, authorising SNAI to purchase approximately 450 busines units based on concessions for accepting horse racing and/or sports bets (transaction effectively concluded in 2006). As a consequence of this, the AGCM must theoretically re-issue a decision on SNAI's request, assuring that the latter will have the opportunity to represent its position once again in order to obtain (as of now) a new authorisation for the transaction.
By memorandum of 14 March 2012, subsequently served upon SNAI, the AGCM initiated the new authorisation procedure.

40. EVENTS WHICH OCCURRED AFTER THE CLOSE OF THE PERIOD

40.1 Temporary close of the VLT BARCREST platform
On the afternoon of 16 April 2012, an unusual peak in payment requests for only apparently winning tickets took place on the Barcrest system (VLT platform).
In respose to this episode, SNAI S.p.A. immediately blocked the Barcrest System in order to conduct the necessary verifications and inspections by consulting the database containing the registrations of all gaming transactions concluded on the platform and its approximately 1,450 terminals, including the related system logs.
In accordance with the AAMS regulation and the obligations imposed upon operators authorized to collect lawful gaming wagers through VLTs, this database, which is unchangeable and protected, is available to the competent authorities for further verifications to safeguard the interests of betters and all of the parties involved.
On the basis of the information in SNAI's possession, it appears that:
1. no jackpot was ever won throughout the entire day on that Monday;
2. the causes of the events which led to the print-out of tickets which anomalously indicated amounts associated with jackpots were limited and will be shared with the regulatory authorities, who were promptly informed. The Barcrest System the functioning of which, as already mentioned, was blocked, remains blocked also for the full protection of the integrity of the IT/electronic database. SNAI will continue to perform verifications and will announce in a timely manner all additional relevant information related to the platform provided by the supplier Barcrest.

40.2 Penalties I, II and III
Through judgment 2192/2012 issued on 16 April 2012, the Council of State cancelled definitively on appeal the rulings imposing the first three penalties.

40.3 Tender procedure for Horse Racing Television

On 16 March 2012, an "Open procedure tender procedure, pursuant to legislative decree no. 163/2006" was published by A.S.S.I. – *Agenzia per lo Sviluppo Ippico* (formerly U.N.I.R.E.) in the Official Gazette of the European Community for the grant of transmission, elaboration and dissemination/broadcasting of the audio-video signal from Italian and foreign horse racetracks (the Tender).

The Tender, in which the subsidiary Teleippica S.r.l. is interested, which was awarded the previous contract and currently provides the realted services under an extension, concerns services for the collection, elaboration and dissemination/broadcasting via satellite of images related to horse races and other services performed in Italian racetracks and certain foreign racetracks, as well as productions supporting the monothematic channel dedicated to horses.
The television broadcasting services are comprised of the following:

- **Institutional Service**
- **Promotional Service**
- **Advertising/Sponsorships**

The **Institutional Service** includes three television channels, called:

1. UnireTV Grigio (Grey)
2. UnireTV Verde (Green)
3. UnireTv Blu (Blue)

Aimed at the broadcasting of images of horse races to the physcial betting acceptance network by qualified/authorized entities. The institutional service alsoincludes the Streaming live service for Concession holders of Remote Gaming and on Demand Video for the website www.unire.it.

The **Promotional Service** concerns an unencrypted thematic H24, on a commercial satellite platform Hot Bird 13° Est (the same platform as Sky) and on digital terrestrial (optional – 12 hours with coverage of urban centers with over 100 thousand inhabitants), for purposes of broadcasting productions supporting the channel dedicated to horses and the Italian agricultural and food culture, news programs, feature programs and entertainment. The service will also be available on the Web and Mobile platform.
The entity that is awarded the tender will have the possibility of raising **Advertising Revenues** related to the contents of the productions broadcasted on all of the television channels covered by the Tender Procedure. Such entity will be granted the right to exploit advertising, advertising revenues, and the insertion of advertisements, messages, promotions and sponsorships within the television programing.
The term of the agreement is six years, starting from the date of activation of the service with a presumed annual contract amount, constituting the basis of the tender procedure, of Euro 10 million, for a total of Euro 60 million, excluding VAT for the entire term of the contract. I twill have to pay to ASSI an annual minimum guaranteed amount for advertising revenues, which will covered by an economic offer.
The deadline for the submission of the envelope for participation in the Tender is 12;00 noon on 8 May 2012; Teleippica S.r.l. delivered the envelope by the established deadline. The first session of the Award Commission for the opening of the Envelopes is scheduled for 10:30 am on 14 May 2012.
The Tender will be awarded to the candidate who obtained the highest overall points, consisting of the sum of the points achieved for the Quality and Price requisites.

The party that is awarded the tender must make the service available within 120 days of the award

40.4 Close of the Formal Notice of Findings - PVC on Trenno S.r.l.

On 24 April 2012, a tax auditor for tax period 2009 for purposes of direct taxes, IRAP and VAT was concluded by the Revenues Agency – Provincial Office of Milan, on Trenno S.r.l., which had been initiated on 3 April 2012. The outcome of the audit resulted in light observations on alleged breaches related to IRES, IRAP and VAT. The company is assessing the options available to it, which would lead to, in the worst case scenario, a potential outlay of Euro 21 thousand to remedy the alleged breaches.

40.5 Shareholders' Meeting held on 27 April 2012

On 27 April 2012, the Shareholders' Meeting of SNAI S.p.A., in extraordinary session, approved the amendments by by-laws arts. 2,14,15 and 21 of the by-laws. During the ordinary session, it approved the financial statement for year ended 2011, and restoration of losses. The shareholders appointed the Board of Directors, upon determination of the number of the members of the same and their compensation, for the three-year period 2012-2014 and therefore, until the Shareholders' Meeting held to approve the financial statement for year 2014.

40.6 Extension in contractual relationships Assi-Società Trenno S.r.l.

On 30 April 2012, Trenno S.r.l. accepted an extension until 30 June 2012 of contractual relationships between such company and Assi, as amended by resolution no.116 issued by the Commissioner on 22 December 2011, the effectiveness of which was later postponed by resolution no. 14 issued in March 2012 until 30 April 2012. Assi, through resolution no. 28 issued on 26 April 2012, postponed the effectiveness also for the months of May and June 2012, subject to a possible additional postponement in the event of a failure to adopt, by the same deadline of two months, the new legal framework applicable to the sector.

Chairman of Board of Directors
Dr. Stefano Bortoli
(Chief Executive Officer)

Milan, 11 May 2012

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The director assigned to the preparation of the corporate accounting documents, Dr. Marco Codella declares, pursuant to paragraph 5 Art. 154-*bis* of the Finance Act, that the accounting information contained in this consolidated financial statement corresponds to documented results, the bookkeeping and accounting records.

ANNEX 1
Composition of Snai Group as of 31 March 2012

(thousands of Euro)						
Comany name	Registered office	Share capital	Percentage held	Note	Busines operations	Consolidation method
- SNAI S.p.A.	Porcari (LU)	60,749	Parent company		Assumption of horse racing and sports bets through its own concessions - coordination of business operations of subsidiaries adn management of electronic dissemination of data and services for bettingn agencies - electronic management of network linking devices referred to in paragraph 6a - skill games	full
Subsidiaries:						
- Società Trenno S.r.l. unipersonale	Milan (MI)	1,932	100.00%	(1)	Organization and operation of horse racesand the training center	full
- Immobiliare Valcarenga S.r.l. unipersonale	Milan (MI)	51	100.00%	(2)	Arental of horse stables enterprise for the housing of horses	full
- Festa S.r.l. unipersonale	Porcari (LU)	1,000	100.00%	(3)	Operation of call center, help desk	full
- Mac Horse S.r.l. unipersonale	Porcari (LU)	26	100.00%	(4)	Editorial initiatives including electronic initiatives, advertising and graphics	full
- Teseo S.r.l. in liquidation	Palermo (PA)	1,032	70.00%	(5)	Study and desgin of software systems for the managment of betting	Net Equity
- Faste S.r.l. Unipersonale in liquidazione	Porcari (LU)	50	100.00%	(6)	Organization and operation of telephone, computer and electronic services in favor of third parties, call centers, telephone switchboard, help desks and the like	full
- SNAI Olè s.a.	Madrid (Spagna)	61	100.00%	(7)	Receipts of sports bets and manufacturing of gaming materials - dormant	full
- SNAI France SAS	Paris (France)	150	100.00%	(8)	Remote betting receipts - dormant	full
- Teleippica S.r.l.	Porcari (LU)	2,540	100.00%	(9)	Dissemination of information and events through the use of all means permitted by the technology and applicable current and future legal framework with the exception of publication of newspapers	full
Affiliates:						
- HIPPOGROUP Roma Capannelle S.p.A.	Roma (RM)	945	27.78%	(10)	Organization and operation of horse racing and training center	Net Equity
- Solar S.A.	LUSSEMBURGO	31	30.00%	(11)	Financial services	Net Equity
- Alfea S.p.A.	Pisa (PI)	996	30.70%	(12)	Organization and operation of horse races and training center	Net Equity
- Connext S.r.l.	Porcari (LU)	82	25.00%	(13)	Marketing and asstance for electronic services, hardware and software	Net Equity
Other Companies:						
- TIVU + S.p.A. in liquidation	Roma (RM)	520	19.50%	(14)	Multimedia operations, production, receipts and television broadcasting	Cost
- Lexorfin S.r.l.	Roma (RM)	1,500	2.44%	(15)	Financial company with shareholdings in horse racing sector	Cost

Notes on the Composition of the SNAI Group

(1) Holding 100% owned by SNAI S.p.A. as a result of the merger by incorporation of Ippodromi San Siro. S.p.A (formerly Societa Trenno S.p.A.).The company was formed on 27 July 2006 and on 15 September 2006 Ippodromi San Siro S.p.A. company was awarded the company branch of "horse racing management".
(2) Holding 100% owned by Snai S.p.A.
(3) It was formed on 30 December 1999 with the subscription of SNAI S.p.A.
(4) It was purchased on 24 February 2004 by third parties.
(5) Formed on 13 November 1996 and acquired by Snai SpA on 30 December 1999. On 3 August 2001 the Societa Teseo S.r.l. was placed in liquidation.
(6) Formed on 11 March 2009 and 100% owned by Societa Trenno S.r.l. On August 23, 2010 Societa Trenno S.r.l sold its share of 100% to Festa S.r.l On 3 September 2010 the extraordinary shareholders' meeting changed the company name from Autostarter S.r.l. to Faste S.r.l. and the corporate purpose. On 2 August 2011 the extraordinary shareholders' meeting approved the liquidation.
(7) Formed on 19 November 2008. The company does not carry out any activity.
(8) Formed on 18 July 2010. The company does not carry out any activity.
(9) Acquired by third parties on 5 May 2000. On 2 October 2003 the extraordinary shareholders' meeting changed the company name from SOGEST Società Gestione Servizi Termali S.r.l. to TELEIPPICA S.r.l. and the corporate purpose. During 2005 the extraordinary shareholders' meeting approved the increase of the share capital of EUR 2,540,000. On 31 January 2011 SNAI S.p.A acquired availability of 80.5% of the share capital of Teleippica S.r.l. from SNAI Servizi S.p.A. SNAI S.p.A. owns 100% of the share capital of Teleippica S.r.l.
(10) 16 July 2009 the extraordinary shareholders' meeting approved: compensating the losses at 30 April 2009 amounting to EUR 1,159,368.00 through use of the extraordinary reserve of EUR 41,204.00 and a reduction of share capital from EUR 1,956,000 to EUR 815,000, restoring the extraordinary reserve for an excess of EUR 22,836.00. Consequently the nominal value of each share was reduced from EUR 0.30 to EUR 0.125. On 18 November 2009 the Board of Directors resolved to increase the share capital from EUR 815,000.00 to EUR 2,315,000. SNAI S.p.A subscribed the part of its rights not exercised; thus the percentage of participation amounts to 27.78%. On 12 January 2011, the shareholders' meeting of Hippogroup Roma Capannelle S.p.A. resolved, inter alia, to reduce the share capital to EUR 944,520.00. The percentage owned by SNAI S.p.A. has not changed.

(11) A company incorporated under Luxembourg law, formed on 10 March 2006 by SNAI S.p.A at 30% and the FCCD Limited, a company incorporated in Ireland, at 70%.
(12) Holding already owned at 30.70% by Ippodromi San Siro S.p.A. (formerly Societa Trenno S.p.A.) now merged by incorporation in SNAI S.p.A.
(13) On 7 December 2000 the stake was acquired in Connext Srl via purchase option by the older shareholders and subsequent subscription and payment of the increased capital reserve.
(14) On 7 July 2004 the extraordinary shareholders' meeting approved the liquidation of the company Tivu + S.p.A.
(15) Acquired on 19 July 1999 at 2.44% from Societa Trenno S.p.A. then merged by incorporation in SNAI S.p.A.