INTERIM DIRECTORS' REPORT AS OF 31 MARCH 2013

Milano, 9 May 2013

SNAI S.p.A.
Registered Office at via L. Boccherini 39, Porcari (Lucca) – Share Capital of € 60.748.992,20 entirely paid
Tax Code No. 00754850154 – VAT Code 01729640464
Companies Register of Lucca and Lucca Chamber of Commerce R.E.A. No. 00754850154
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Interim Directors' Report as of 31 March 2013

CORPORATE BODIES AND AUDITING FIRM OF SNAI SPA

Board of Directors
(in office since the Shareholders' Meeting held on 26 April 2013 until the Shareholders' Meeting that will approve the financial statement for period ended 31.12.2015)

Chairman and Managing Director	**Giorgio Sandi**
Directors	**Stefano Campoccia** *
	Mara Caverni *
	Gabriele Del Torchio
	Giorgio Drago
	Nicola Iorio
	Enrico Orsenigo
	Massimo Perona
	Roberto Ruozi **
	Sergio Ungaro */**
	Mauro Pisapia
	Barbara Poggiali **
	Chiara Palmieri
	Tommaso Colzi

Executive in Charge of drafting the Company's accounting documents **Marco Codella**

Board of Statutory Auditors
(in office since the Shareholders' Meeting held on 29 April 2011 until the Shareholders' Meeting that will approve the financial statement for period ended 31.12.2013)

Chairman	**Massimo Gallina**
Acting Auditors	**Maurizio Maffeis**
	Enzio Bermani

Auditing Firm
(Mandate approved by the Shareholders' Meeting held on 15.05.2007 for a term of 9 years)
Reconta Ernst & Young S.p.A.

* *Members of the Risks and Controls Committee the Chairman of which is Stefano Campoccia.*
** *Members of the Remuneration Committee the Chairman of which is Sergio Ungaro.*

Comments on the main KPIs for the period

The Group's revenues in the first quarter 2013 show an increase of approximately 2%, from Euro 141 million in the first quarter of 2012 to Euro 143.6 million in the same period of 2013. The increase in revenues is attributable mainly to the payout on sports betting which fell to 73.7% from 80.2% in the first quarter of 2012.
This consequently led to an increase in the Group's EBITDA which rose + 28% over the same period last year, from Euro 27.2 million to Euro 34.9 million.
Operating EBITDA, before non-recurring costs and revenues, amounts to Euro 35.8 million in the first quarter of 2013, up 32% from Euro 27.2 million.
The performance and economic results achieved in the first quarter 2013 are better than forecasts for 2013.

Set forth below are the main indicators on the Group's performance (in thousands of Euro, with the exception of the per share figures).

- **KPI**

	1Q		*Variations*	
Amounts in thousands of €	*2013*	*2012*	*€*	*%*
Revenues	143,563	140,996	2,567	2
EBITDA	34,932	27,192	7,740	28
EBIT	22,137	10,979	11,158	>100
Results before taxes	12,465	1,339	11,126	>100
Net results of operations	7,418	186	7,232	>100
Results diluted per share	0.06	0	0.06	

EBITDA was affected by the following non-recurring costs determined for operating purposes (note 35 indicates the non-recurring revenues and costs as provided under Consob Resolution No. 15519 issued on 27.07.2006):

Non-recurring Revenues and Costs	
thousands of €	**1Q 2013**
Non-recurring revenues and costs	
Costs related to non-repetitive consultancies	146
Leaving incentives	712
Other	29
Impact on EBITDA	**887**

The Group's EBIT for the first quarter of 2013 amounts to Euro 22.1 million, up from Euro 11 million in the same period last year.

The earnings pertaining to the Group for the first quarter of 2013 amount to Euro 7.4 million, up from Euro 0.2 million in the first quarter of 2012.

The SNAI Group's net financial position, as of 31.03.2013, amounts to Euro 356.6 million, down from Euro 369.6 million at yearend 2012. With respect to the end of last year, the Group's net financial exposure has fallen by Euro 13 million, thanks to the improvement of liquidity linked to the postponement of the single tax and the favorable trend in earnings.

- **EBITDA and EBIT**

EBITDA and EBIT are considered alternative performance indicators, but are not measures that are defined under International Financial Reporting Standards ("IFRS") and therefore they may not take into account the requisites imposed under IFRS in terms of determination, valuation and presentation. We are of the view that EBITDA and EBIT help to explain the changes in operating performance and provide useful information on the capacity to management indebtedness and are commonly used as performance indicators by analysts and investors in the gaming sector. EBITDA and EBIT must not be considered an alternative to cash flows as a measurement of liquidity. As defined, EBITDA and EBIT may not be comparable with the same indicators used by other companies.
EBIT stands for "Results before interest and taxes" indicated in the total income statement.

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

EBITDA

	1Q		Variations	
Amounts in thousands of €	*2013*	*2012*	*€*	*%*
EBIT	22,137	10,979	11,158	>100
+ amortization of tangible long-term investments	4,693	5,018	(325)	(6)
+ amortization of intangible long-term investments	7,849	11,195	(3,346)	(30)
+ other amounts set aside	253	0	253	
EBITDA	**34,932**	**27,192**	**7,740**	**28**
revenue and non-recurrent costs	887	0	887	
Operating EBITDA	**35,819**	**27,192**	**8,627**	**32**

The composition of Before tax earnings by adding the following items to EBIT:

Results before taxes

	1Q		Variations	
Amounts in thousands of €	*2013*	*2012*	*€*	*%*
EBIT	22,137	10,979	11,158	>100
+ Results of companies consolidated using the net equity method	(3)	11	(14)	>100
+ Financial proceeds/earned interest	267	291	(24)	(8)
+ Financial charges/payable interest	(9,935)	(9,939)	4	0
+ Net earnings (losses) on currency exchanges	(1)	(3)	2	67
Results before taxes	**12,465**	**1,339**	**11,126**	**>100**

Board of Directors' Observations on the trend in performance, the foreseeable trend in performance in the future and the statement of advancement of the business plan

Observations on the trend in the gaming and betting over the period ended 31 March 2013

The first three months of 2013 registered a payout (percentage of winnings paid to betters with respect to total wagers received) on sports bets of 73.7%, down from 80.2% in the same period in 2012.

Sports-based gaming wagers as of 31 March 2013 totaled Euro 232.7 million, down from Euro 237.5 million in the same period last year (-2.0%). Of this sum, Euro 40.3 million (17.3% of the total) derive from the on-line channel, up from Euro 30.8 million in the same period last year.
Net sports-based gaming revenues, including pool betting, amount to Euro 51.8 million, up from Euro 37 million in the same period of 2012.
Sports betting, including national horse race betting, as of 31 March 2013 registered growth in wagers which totaled Euro 94.180 million, up 3.7% with respect to the same period last year due to a temporary failure to collect wagers in 2012 caused by 40 days of failure to announce starting horses on the part of Italian horse race operators.
The revenues from horse race bets, including national horse racing, fell by Euro 0.4 million and as of 31 March 2013, amount to Euro 8.1 million, down from Euro 8.5 million in the same period last year.
Revenues in the entertainment devices (ADI) segment amount to Euro 68.6 million and include revenues from VLT (Video Lotteries) and AWP (formerly called Slot machines) devices. Wagers amount to Euro 774,1 million as of 31 March 2013, up from Euro 712.6 million in the same period of 2012.
The first quarter of 2013 also shows growth in revenues for the remote gaming segment, with revenues of Euro 7.2 million, up from Euro 6.4 million in the same period in 2012, mainly thanks to the introduction of new casino games and on-line slot machines.

Envisaged future trends in the business

The group's strategic objective is to maintain its leadership position on the betting market, including through new instruments offered by technological operating platforms for mobile devices, and to increase its market share on the gaming sector. The Group is endowed with the necessary resources, in terms of both capital and know-how, in order to achieve such objectives.
The Group intends to render operational, as soon as possible, all of the VLT machines for which it holds rights.
Afer AAMS issued its ruling revoking the compliance certificate of the Barcrest System, the Group entered into a supply agreement with a new supplier, the Novomatic Group. The platform was activated in mid-January 2013.

The Group also made available an application for mobile devices (Apple and Android) which allows players to place sports bets through their smartphones and tablets. The first results of such innovation are extremely encouraging.
The Group also intends to develop the AWP sector, also through the availability of new modern concept, state-of-the-art devices.

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. 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 29 January 2013 approved the 2013 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). 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.
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.

Games related to Virtual Events will also be launched in the second half of 2013.

The final results for the first quarter 2013 are better than the expectations for the period. These positive results are attributable mainly to the payout on sports bets which amounted to 73.7% in the first quarter of 2013.

Material events in the first quarter 2013

Final award of the new concession for entertainment devices – ADIs

On 20 March 2013, the Company entered into the concession agreement for the implementation and operation of the network for the electronic operation of lawful gaming through fun and entertainment devices envisaged under article 110 paragraph 6 of the Consolidated Public Safety Legislation, as well as related activities/services and functions.

Tender procedure for racing TV

On 29 January 2013, the Agreement between ASSI under Temporary Management (merged into MIPAAF) and Teleippica was entered into. The Agreement concerns the new service for horse racing TV having a term of six years from the date of activation. The value of the agreement is Euro 53,874 thousand, on a net basis after deducting the annual minimum guaranteed advertising contribution of Euro 144,85 thousand.
In the meantime, Teleippica continues under an extension regime its previous services related to the "broadcasting, processing and dissemination of the audio-video signals originating from Italian and foreign racetracks" pending commencement of the new agreement which is expected to take place by 29 May 2013.

Resignations of a member of the Risks and Controls Committee and the Managing Director

On 29 January 2013, Antonio Casari resigned from his role as member of the Risks and Controls Committee and maintained his position as Director.

On 13 March 2013, the resignation of the Managing Director, Stefano Bortoli, was announced with effect as of the conclusion of the Shareholders' Meeting for the approval of the financial statement for year 2012. AS the result of his resignation, on the date of the shareholders' meeting for the approval of the financial statement, the entire board of directors ceased to hold office pursuant to article 14 of the By-laws, since previously three of the directors appointed by the shareholders' meeting had submitted their resignations..

On 26 April 2013, the Shareholders' Meeting of SNAI S.p.A. appointed the Board of Directors upon determining the number of the members of the same and their compensation for the three-year period 2013-2015 and, therefore, until the Shareholders' Meeting for the approval of the financial statement for year 2015. Dr. Giorgio Sandi was confirmed as Chairman of the Board of Directors and named Managing Director.

Malfunctioning of the VLT Barcrest platform (16 April 2012) - *Disputes related to the entertainment devices business: AAMS' complaints of alleged breaches in the operation of the electronic interconnection network*

The proceedings aimed at the possible revocation of the concession concluded with protocol ruling 2013/8734/Giochi/ADI served upon the Company on 22 February 2013 pursuant to which AAMS, based upon the observations and documentation made available by the Company and the outcome of the technical verifications and the review process conducted, concluded that it did not have to proceed with the revocation of the Concession, and merely applied certain contractual penalties amounting to a total of Euro 1,475 thousand. The amount of the penalty was allocated as provisions in the financial statement for the period ended 31 December 2012.

Guaranteed minimums

By judgment no. 1054 filed on 30 January 2013, Section II of the Lazio TAR (Regional Administrative Court) granted the objections of unconstitutionality raised by SNAI with reference to the provisions of Law Decree No. 16/2012, and ordered the suspension of the judgment and the transmission of the briefs and documents to the Constitutional Court; it also declared that the original proceedings raised against the initial demands in January 2012 could not proceed due to lack of interest to pursue the legal action.
For the entire duration of the constitutionality proceedings, the suspension ruling (which prevents AAMS from successfully pursuing any enforcement proceedings) continues to apply and to protect SNAI.

Temporary suspension of activities at the Sesana Racetrack in Montecatini Terme

On 26 March 2013, the subsidiary Società Trenno S.r.l. notified MIPAAF – *Ministero delle Politiche Agricole, Alimentari e Forestali* (Ministry of Agricultural, Food and Forestry Policies) of the temporary suspension of races at the Sesana Racetrack of Montecatini Terme for the month of April 2013. This decision, which followed the cessation of the training center activities which had already been ordered, is the result of economic reductions that have already been in place since year 2012, and the absence of guarantees on economic relationships under future agreements that are pending conclusion/issuance. Società Trenno S.r.l. does not waive the agreements under an extension regime which it remains willing to assess after 30 April 2013.

Entertainment devices - PREU for year 2010

On 2 January 2013, the Group received from AAMS an additional amicable settlement payment for PREU for year 2012, bringing SNAI's receivable related to the excess PREU paid to Euro 21,947.21 and, on the other, reduced sanctions in the amount of Euro 2,933,107.07 and interest of Euro 478,809.97 for a delay in payments.
On 31 January 2013, SNAI produced its own observations aimed at the correction of calculations set forth in the notice of amicable settlement. This amount was allocated as provisions in the financial statement for year ended 31 December 2012.

Events that have occurred after the end of the period

See note 39.

Interim Directors' Report
Consolidated Short-form Interim Financial Statement as of 31.03.2013

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

SNAI Group – Total consolidated profit and loss statement

Amounts in thousands of Euro	**Notes**	**1Q 2013**	**1Q 2012**
Revenues from sales and services	4	143,257	137,061
Other revenues and proceeds	5	306	3,935
Change in remainders/stock of finished and semi-finished products		0	0
Raw materials and consumer materials used	6	(585)	(423)
Costs for services and use of third party assets	7	(90,111)	(99,102)
Costs for personnel	8	(9,261)	(8,038)
Other operating costs	9	(8,923)	(6,432)
Costs for capitalized internal works	10	249	191
Results before amortizations, depreciations/write-downs, financial proceeds/charges, taxes		**34,932**	**27,192**
	11	(12,542)	(16,213)
Amortizations and depreciations/write-downs	28	(253)	0
Other amounts set aside on reserve		**22,137**	**10,979**
Results before financial proceeds/charges, taxes		(3)	11
Proceeds and charges from shareholdings		269	291
Financial proceeds		(9,938)	(9,942)
Financial charges	12	**(9,672)**	**(9,640)**
Total financial charges and proceeds		**12,465**	**1,339**
RESULTS BEFORE TAXES	13	(5,047)	(1.153)
Income taxes		**7,418**	**186**
Earnings (losses) for the period	24	1,175	(1,242)
Other components of the complete profit and loss statement		**8,593**	**(1,056)**
Total earnings/(losses) for the period			
Attributable to:		7,418	186
Earnings (losses) for period pertaining to the Group		0	0
Earnings (losses) for period pertaining to Third Parties			
		8,593	(1,056)
Total earnings (losses) for period pertaining to the Group		0	0
Total earnings (losses) for period pertaining to Third Parties			
	25	0.06	0
Earnings (losses) per base share in Euro	25	0.06	0

For related party transactions, see note 33 “Related parties”.

SNAI Group - Prospectus of consolidated balance sheet

amounts in thousands of Euro	Notes	31.03.2013	31.12.2012
ASSETS			
Non-current assets			
Owned real property, plants and machinery		135,500	134,819
Assets in financial lease		15,334	17,294
Total tangible long-term assets	14	**150,834**	**152,113**
Goodwill		231,531	231,531
Other intangible assets		144,253	151,409
Total tangible long-term investments	15	**375,784**	**382,940**
Shareholdings valued as net shareholders' equity		3,261	3,264
Shareholdings in other enterprises		46	46
Total shareholdings	16	**3,307**	**3,310**
Taxes paid in advance	17	61,182	63,879
Other non-financial assets	20	2,320	2,341
Total non-current assets		**593,427**	**604,583**
Current assets			
Remainders	18	2,686	3,384
Commercial receivables	19	92,322	91,837
Other assets	20	37,727	36,364
Current financial assets	21	15,284	10,249
Cash and cash equivalents	22	27,787	11,010
Total current assets		**175,806**	**152,844**
TOTAL ASSETS		**769,233**	**757,427**
LIABILTIES AND NET SHAREHOLDERS' EQUITY			
Net Shareholders' Equity pertaining to the Group			
Share capital		60,749	60,749
Reserves		104,655	146,040
Earnings (losses) for financial year		7,418	(4,2560)
Total Net Shareholders' Equity of the Group		**172,822**	**164,229**
Net Shareholders' Equity of third parties			
Total Net Shareholders' Equity	23	**172,822**	**164,229**
Non-current liabilities			
Severance indemnity	26	4,829	5,190
Non-current financial liabilities	27	342,269	344,436
Deferred taxes	17	49,177	48,150
Funds for risks and future charges	28	24,916	25,136
Miscellaneous debts and other non-current liabilities	29	1,545	1,951
Total non-current liabilities		**422,736**	**424,863**
Current liabilities			
Commercial debts	30	41,350	44,239
Other liabilities	29	90,191	87,901
Current financial liabilities		26,034	20,095
Current quotas in long-term loans		16,100	16,100
Total financial liabilities	27	**42,134**	**36,195**
Total current liabilities		**173,675**	**168,335**
TOTAL LIABILITIES AND NET SHAREHOLDERS' EQUITY		**769,233**	**757,427**

For related party transactions, see note 33 “Related parties”.

CHANGES IN CONSOLIDATED NET SHAREHOLDERS' EQUITY

(figures in thousands of Euro)

	Notes	Share capital	Legal reserve	Share premium reserve	Cash Flow Hedge Reserve	Reserve for the remeasurement of defined benefits plans for employees (IAS 19) (*)	Earnings (losses) carried forward	Earnings for year	Total Net Shareholders' Equity pertaining to Group	Total Net Shareholders' Equity pertaining to 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
Loss for year 2011							(40,324)	40,324	0		0
Earnings (loss) for the year								168	186		186
Total other earnings /(losses)					(1,242)				(1,242)		(1,242)
Total earnings as of 31.03.2012		0	0	0	(1,242)		0	186	(1,056)		(1,056)
Balance as of 31.03.2012		**60,749**	**1,559**	**195,904**	**(5,212)**	**0**	**(43,892)**	**186**	**209,294**	**0**	**209294**
	Notes	Share capital	Legal reserve	Share premium reserve	Cash Flow Hedge Reserve	Reserve for the remeasurement of defined benefits plans for employees (IAS 19) (*)	Earnings (losses) carried forward	Earnings for year	Total Net Shareholders' Equity pertaining to Group	Total Net Shareholders' Equity pertaining to Third Parties	Total Net Shareholders' Equity
Balance as of 01.01.2013		60,749	1,559	154,345	(6,820)	508	(2,536)	(42,560)	164,229	0	164,229
Loss for year 2012	23						(42,560)	42,560	0		0
Earnings (loss) for the year								7,418	(7,418)		(7,418)
Total other earnings/ (losses)	24				1,175	0			1,175		1,175
Total earnings as of 31.03.2012		0	0	0	1,175	0	0	7,418	8,593		8,593
Balance as of 31.03.2012		**60,749**	**1,559**	**154,345**	**(5,645)**	**(508)**	**(45,096)**	**7,418**	**172,822**	**0**	**172,822**

SNAI Group - Consolidated cash flow statement				
	amounts in thousands of Euro	Notes	**31.03.2013**	**31.03.2012**
A.	**CASH FLOW FROM OPERATIONS**			
	Earnings (losses) for the period pertaining to the Group		7,418	186
	Earnings (losses) for the period pertaning to third parties		0	0
	Amortizations and depreciations/write-downs	11	12,542	16,213
	Net variation in assets (liabilitie) due to taxes paid in advance (deferred taxes)	17	3,279	240
	Variation in risks fund	28	(220)	96
	(Capital gains) capital losses from the realization of non-current assets (including shareholdings)	5-9	38	47
	Portion of the reults of the shareholdings valuated using the P.N. method (-)	12	3	(11)
	Net variation in the non-current commercial and miscellaneous assets and liabilities and other variations	20-29	(385)	(2,506)
	Net variation in current commercial and miscellaneous assets and liabilities and other variations	18-19-20-30-29	(1,749)	(7,407)
	Net variation in the end of employment indemnity	26	(361)	(238)
	CASH FLOW GENERATED (ABSORBED) BY OPERATIONS (A)		**20,565**	**6,620**
B.	**CASH FLOW GENERATED BY INVESTMENT ACTIVITIES**			
	Investments in tangible assets (-)	14	(3,427)	(2,558)
	Investments in intangible assets (-)	15	(743)	(523)
	Price/consideration received from the sale of tangible and intangible assets and other non-current assets		25	10
	CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES (B)		(4,145)	(3,071)
C.	**CASH FLOW FROM FINANCIAL ACTIVITIES**			
	Variation in financial receivables and other financial assets	21	(5,035)	68
	Variation in financial liabilities	27	(3,609)	(7,430)
	Opening/disbursement of loan	27	9,000	3,000
	Variationin debts owed to PAS on an installment basis for the acquisition of "concessions" busines	27	1	(86)
	CASH FLOWS GENERATED (ABSORBED) BY FINANCIAL ASSETS (C)		357	(4,448)
D.	**CASH FLOW FROM ASSETS NO LONGER HELD/HELD FOR SALE (D)**			
E.	**TOTAL CASH FLOW (A+B+C+D)**		16,777	(899)
F.	**INITIAL NET LIQUIDITY (INITIAL NET FINANCIAL INDEBTEDNESS)**		11,010	40,282
G.	**NET EFFECT OF THE CONVERSION OF FOREIGN CURRENCIES ON THE FINAL NET FINANCIAL LIQUIDITY**			
H.	**(FINAL NET FINANCIAL INDEBTEDNESS) (E+F+G)**	**22**	**27,787**	**39,383**
	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		11,010	40,282
	Bank overdrafts			
	Operating assets no longer held			
			11,010	**40,282**
	CASH AND OTHER AVAILABLE LIQUIDITRY NET OF SHORT-TERM FINANCIAL DEBTS AT HTE END OF THE PERIOD, DETAILS AS FOLOWS:			
	Cash and cash equivalents		27,787	39,383
	Bank overdrafts			
	Operating assets no longer held			
			27,787	**39,383**

Interest paid in the first quarter of 2013 amounts to approximately Euro 5,311 thousand (Euro 5,506 thousand in the first quarter of 2012).
No taxes were paid in the first quarter of 2013 or in the first quarter of 2012.

INTERIM DIRECTORS' REPORT AS OF 31 MARCH 2013

EXPLANATORY NOTES TO THE SHORT-FORM INTERIM FINANCIAL STATEMENT

1. Main accounting standards

Consolidation perimeter
SNAI S.p.A. (hereinafter also referred to as the "parent company") has its registered office at Via Luigi Boccherini, 39, Porcari (LU) – Italy – Schedule 1 sets forth the composition of the SNAI Group.

The consolidated financial statement of the SNAI Group as of 31 March 2013 includes the financial statements of SNAI S.p.A. and the following subsidiaries which have been consolidated using the full method:

- Company Trenno S.r.l. Owned by a single quotaholder
- Festa S.r.l. Owned by a single quotaholder
- Immobiliare Valcarenga S.r.l. Owned by a single quotaholder
- SNAI Olè S.A.
- SNAI France S.A.S.
- Teleippica S.r.l. Owned by a single quotaholder

The consolidation perimeter has not changed since 31 December 2012.

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 2013 was approved by the parent company's directors at the board of directors' meeting held on 09 May 2013 and therefore authorized for publication in accordance with applicable provisions of law.

Seasonality
With regard to the seasonality of the Group's business, 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

The short-form interim consolidated financial statement of the SNAI Group for period ended 31 March 2013 shows earnings of Euro 7.4 million, a total earnings of Euro 8.6 million, net shareholder' equity of Euro 172.8 million, net financial indebtedness owed to third parties of Euro 356.6 million. The financial charges incurred in the first quarter of 2013 amount to Euro 9.9 million. As of 31 March 2012, the Group recorded loss of Euro 42.6 million (with financial costs of Euro 45 million), net shareholders' equity amounted to Euro 164.2 million and net financial indebtedness amounted to Euro 369.6 million.

The final results for the period exceed expectations.

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.

The Directors are therefore of the view that the evolution and expansion of the Group's core business operations will allow for the achievement of a position of economic stability and generate adequate cash flows.

We have also pointed out on numerous occasions that the Group's capacity to achieve such position of stability is mainly dependent upon the achievement of results of operations and financial results that are essentially in line with those included in the above-mentioned company forecasts. In this regard, the Directors are aware that the strategic objectives identified and reflected in the 2013 Budget and in the guidelines 2014-2015, present inevitable elements of uncertainty due to the unpredictability related to the occurrence of future events and the characteristics of the relevant market, which could have adverse effects on the capacity to achieve future results and cash flows, on which, moreover, the main assessments made for purposes of the preparation of this interim financial statement are based. Nonetheless, the Directors are of the view that the above-mentioned strategic objectives are reasonable.

On the basis of all of the foregoing considerations, the Directors are of the view that the Group has the capacity to continue its business operations in the foreseeable future, and therefore prepared the financial statement based upon an assumption of business continuity.

1.2 Accounting principles

(a) General principles

The Consolidated Short-Form Interim Financial Statements at 31 March 2013 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 2012.

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 2012, 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.
The acronym IFRS refers to 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.

Amendments and new standards and interpretations

As required under paragraph 28 of IAS 8, the IFRS in force since 1 January 2013 and applied by the group are indicated and briefly illustrated below:

IAS 1 Presentation of Financial Statements – Presentation of the other components of the comprehensive income statement

The amendment to IAS 1 changes the grouping of items presented in the other components of the comprehensive income statement. The items which could in the future be reclassified (or “recycled”) in the income statement (for example, the net earnings on hedging of net investments, conversion differences on foreign financial statements, net earnings on cash flow hedge and net earnings/losses from financial assets available for sale) should be presented separately from items which will never be reclassified (for example, the actuarial earnings/losses on defined benefits plans and the revaluation/appreciation of land and buildings). The change concerns only the presentation method and had no impact on the Group’s net financial position or on its results. The effective date of adoption of the amendment is for financial years starting on or after 1 July 2012.

IAS 12 – Deferred taxes: recovery of underlying assets

This amendment clarifies the determination of deferred taxes on real estate investments assessed at al fair value. The amendment introduces a challengeable presumption that a deferred tax asset related to a real estate investment, assessed using the fair value model provided under IAS 40, must be determined assuming that the book value is recovered through the sale (on a sale basis). In addition, it requires that a deferred tax asset on assets that are not amortizable and are assessed on the basis of the model providing for the redetermination of the value provided under IAS 16 should always be assessed assuming the sale of the asset (on a sale basis). The effective date of such amendment is for financial years starting on or after 1 January 2013. This amendment had no impact on the Group’s financial position, results of operation or disclosure.

IFRS 1 Initial adoption of IFRS – Serious hyperinflation and elimination of dates scheduled for new users

IASB has provided guidelines on how an entity should resume presentation of the IFRS financial statement once the relevant currency ceases to be subject to serious hyperinflation. The effective date of adoption of the amendment is for financial years beginning on or after 1 January 2013. This amendment has had no impact on the Group’s financial position, results of operation of disclosure.

IFRS 1 Government Loans – Amendments to IFRS 1

This amendments requires entities which adopt IFRS for the first time to apply in advance the provisions of IAS 20 Accounting treatment of public contributions and disclosure on public assistance for government loans existing as of the date of transition to IFRS. The entity may choose to apply the provisions of IAS 39 and IAS 20 to government loans retroactively if the information necessary to do so had been obtained at the moment of the initial registration for accounting purposes of the loan. The exemption will give to the new user a benefit of not having to assess retroactively government loans at an interest rate lower than market rate. The amendment will enter into force for financial years starting on or after 1 January 2013. The amendment has no impact on the Group.

IFRS 7 Supplementary information – set-off of financial assets and liabilities – Amendments to IFRS 7

These amendments require the entity to provide disclosure on the set-off rights and the related agreements (for example, guarantees). The disclosure will provide to the reader of the financial statement useful information to assess the effect of the set-off agreements on the entity's financial position. The new disclosure is required for all financial instruments subject to set-off under IAS 32 Financial instruments: exposure in the financial statement. The disclosure is also required for financial instruments that are subject to master agreements for implementing set-off or similar agreements, regardless of whether or not they are offset in accordance with IAS 32. These amendments will have no impact on the Group's financial position or results of operations and will enter into force for financial years starting on or after 1 January 2013.

IFRS 13 Valuation at fair value

IFRS 13 establishes a single guideline as part of the IFRS for all valuations at fair value. IFRS 13 does not change cases in which the fair value is required to be used, but rather provides a guide on how to assess fair value under IFRS, when the application of fair value is required or permitted. This standard has not had any impact on the Group's financial position or results of operations. This standard is effective for financial years starting on or after 1 January 2013.

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

IAS 28 (2011) Shareholdings in affiliates and joint ventures (revised in 2011)

Following the new IFRS 11 Joint agreements and IFRS 12 Disclosure on shareholdings in other companies, IAS 28 was renamed Shareholdings in affiliates and joint ventures, and describes the application of the net equity method for shareholdings in jointly controlled companies, as well as affiliates. These amendments should not give rise to impacts on the Group's financial position or results of operations. The amendments apply to financial years starting on or after 1 January 2014.

IAS 32 Off-setting of financial assets and liabilities – Amendments to IAS 32

The amendments clarify the meaning of "currently has a legal right to offset". The amendments also clarify the application of the set-off criterion of IAS 32 in the case of settlement systems (such as, for example, centralized clearing houses) which apply non-simultaneous gross settlement mechanisms. These amendments should not give rise to impacts on the Group's financial position or results of operations and shall enter into force for financial years starting on or after 1 January 2014.

IFRS 10 Consolidated financial statement, IAS 27 (2011) Separate financial statement

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statement which governs the accounting of the consolidated financial statement. It also addresses the issues raised in SIC-12 Consolidation – Special Purpose Companies.

IFRS 10 establishes a single control model that applies to all companies, including special purpose entities. With respect to the provisions of IAS 27, the changes introduced by IFRS 10 will require the management to make important discretionary assessments in order to determine which companies are subsidiaries/controlled and, therefore ,which companies must be consolidated by the controlling company. On the basis of the preliminary analysis conducted, we do not expect that IFRS 10 will have any impact on the shareholdings currently held by the Group.

This standard applies to financial years starting on or after 1 January 2014.

IFRS 11 Agreements on joint control

IFRS 11 replaces IAS 31 Shareholdings in Joint ventures and SIC-13 Entities controlled jointly (joint ventures) – contributions in kind by the controlling shareholders.

IFRS 11 eliminates the option of registering for accounting purposes jointly controlled companies using the proportional consolidation method. Jointly controlled companies which meet the definition of a joint venture must be registered for accounting purposes using the net equity method.

The application of this standard will have no impact upon the Group's financial statement since there are no agreements on joint control.

This standard applies to financial years starting on or after 1 January 2014, and must be applied on a retroactive basis to joint agreements in place as of the date of initial application.

IFRS 12 Disclosure on shareholdings in other entities

IFRS12 includes all provisions on disclosure that were previously included IAS 27 related to the consolidated financial statement, as well as all disclosure provisions of IAS 31 and IAS 28. This disclosure relates to the shareholdings of a company in subsidiaries, joint ventures, affiliates and structured vehicles.

New disclosure scenarios/surveys are also envisaged. The standard will have no impact upon the Group's financial position or results of operations. This standard apples to financial years starting on or after 1 January 2014.

Annual improvements May 2012
These improvements will have no impact upon the Group and include:

IFRS1 First adoption of International Financial Reporting Standards
This improvement clarifies that an entity that has ceased to apply IFRS in the past and that decides, or is required, to apply the IFRS, has the option to apply IFRS 1 once again. If IFRS 1 is not applied again, the entity must restate on a retrospective basis its financial statement, as if it had never stopped applying IFRS.

IAS 1 Presentation of the financial statement
This improvement clarifies the difference between voluntary additional comparative disclosure and the minimum required comparative disclosure. Generally the minimum required comparative information is the data for the previous financial year.

IAS 16 Real estate properties, plants and machinery
This improvement clarifies that significant spare parts and machinery dedicated to maintenance, which meet the definition of real estate properties, plants and machinery, are not inventory.

IAS 32 Financial instruments: presentation in the financial statement
This improvement clarifies that taxes related to the distribution to shareholders are recorded for accounting purposes in accordance with IAS 12 Income taxes.

IAS 34 Interim financial statements
This improvement aligns the disclosure requisites for all of the assets of the sector and for all of the liabilities of the sector in the interim financial statement. The clarification also aims to ensure that the disclosure in the interim period is in line with the annual disclosure.

These improvements will be effective for financial years starting on or after 1 January 2013.

The models used by the SNAI Group for the period ended 31 December 2012 have not been amended with respect to those in place as of 31 march 2013.

Documents comprising the financial statement
The documents used by the Group are the following:

Consolidated balance sheet
The balance sheet is presented through a separate statement of current and non-current assets and current and non-current liabilities and for each asset and liability item, the amounts that are expected to be settlement or recovered within or beyond 12 months of the reference date of the financial statement.

Total consolidated income statement
The total income statement sets forth items by category, since it is considered the model which provides the most 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 established under International Accounting Standard No. 8. Moreover, the diagram shows the balance of the accumulated profit or loss at the start of the period, as well as 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, investment and financial 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. Agreements for services under concession

The SNAI Group operates on the market for the collection of gaming and betting wagers, which include mainly sports and horse race bets, lawful gaming through AWPs (formerly known as new slots) and through VLTs (videolotteries) as well as remote skill games, bingo and casino games. This market is regulated by the state authorities through the grant of concessions.

The Group created its network for the acceptance of bets through the initial acquisition, in 2006, of 450 business units, corresponding to the same number of sports and horse race concessions, for the collection of bets. Subsequently, SNAI purchased additional concessions. Following the creation of such network, the Group took part in tender procedures initiated subsequently by the state authority, thus expanding both its betting acceptance network and the types of games on which it could collect wagers. By taking part in the tender procedure for the award of rights for the opening of new points of sale, in accordance with the provisions of legislative decree no. 223 of 4 July 2006 (known as the Bersani Law), SNAI was awarded the right to collect wagers for public gaming for horse races and sporting events. In particular: a sports concession comprised of 342 stores and 864 sports corners and one horse race concession comprised of 99 stores and 3,787 horse race corners, reduced following subsequent revocations to, respectively, 94 stores and 2,472 corners. Such calculation was made by subtracting from the number of horse racing rights obtained through the Bersani tender (i) 5 horse race store rights and 1305 horse race corner rights that were subject to a cumulative revocation in year 2011 and (ii) 10 horse race corner rights that were revoked in 2012 through rulings issued by AAMS which were not challenged upon a decision made by the top management. Prior to this decision, SNAI had challenged 110 rulings of expiry and/or revocation of horse race corner rights, as better represented in note 28 and this allows us to consider them presently fully owned by SNAI since the hearings on the merits have not yet been held. Moreover, it integrated the two Bersani concessions in order to include the operation of remote games. Subsequently, an autonomous concession for remote gaming for both horse races and sports was awarded, which in July 2012 replaced – from an operating standpoint – the two concessions supplemented to include remote horse racing and sports gaming.
In 2009, the company A.I. Monteverde S.r.l., which has been merged into SNAI, took part in the tender procedure known as Giorgetti – instituted by AAMS for 3,000 rights for horse race stores – securing 303 rights for horse race stores.

Definitively, the SNAI Group is the holder of the following concessions:

Owner	Number	Subject matter	Expiry	Notes
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	March 2022	
SNAI S.p.A.	228 concessions	Marketing and sale of fixed quota bets on sporting events other than horse races, and non-sporting events	June 2012	(1)
SNAI S.p.A.	100 concessions	Marketing and sale of totalizator bets and fixed quota bets on horse races	June 2012	(1)
SNAI S.p.A.	1 concession Code 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 Code 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 Code 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 Code 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 original expiry was scheduled for 30/06/2012. Art.10 paragraph 9-novies of Legislative Decree No. 16 of 2 March 2012, converted by law no. 44 of 26 April 2012, ordered the continuation of betting acceptance operations until the date of execution of the agreements for acess to the concessions awarded under the tender procedure provided under paragraph 9-octies of the same article.				

3. Operating sectors

The sector disclosure is presented by "operating sector". The sector is based upon the management structure and the internal reporting system followed by the Group. The intra-sector sales take place at market conditions.

The group operates in the following main sectors:

4. Betting services;
5. Management of racetracks;
6. Concessions;
7. Television services.

Specifically, the group's operations have been defined as follows:

- **Betting services:** this segment includes operations related to electronic services supplied to betting acceptance points; these activities are essentially managed with respect to the portion related to the gaming and betting sector by SNAI S.p.A., Festa S.r.l..;

8. **Management of racetracks:** this segment includes operations related to the management of the racetracks, both as regards the management of the real estate property, and the organization of races; such operations are managed by Società Trenno S.r.l., Immobiliare Valcarenga S.r.l. and by SNAI S.p.A. for the real estate sector;

- **Concessions:** this segment includes operations related to the management of horse race and sports concessions, that have been acquired since 16 March 2006, which SNAI S.p.A. has been awarded through the tender procedure instituted through the Bersani decree and which started to operate towards the end of the second quarter of 2007, and the rights that Agenzia Ippica Monteverde S.r.l. (now merged into SNAI S.p.A.) was awarded through the tender procedure known as "Giorgetti"; as well as the activities related to the concession for the activation and operation of the network for the electronic management of lawful gaming through fun and entertainment devices as well as related operations and functions" (slot machines - AWP and videolotteries - VLT), as well as operations related to skill games, bingo and casino games;
- **Television Services:** this segment includes operations related to television services; such operations are managed by Teleippica S.r.l..

The following table provides information on the contribution to consolidated figures by the following operations:

- betting/gaming wager collection services and related services called "betting services";
- acceptance of bets at horse racetracks owned by the group and the services related to their operation, called "operation of racetracks";
- the owned horse race and sports concessions, the concession for the electronic network of entertainment devices referred to in art. 110 paragraph 6 of the T.U.L.P.S. (slot machines - AWPs – and videolotteries), as well as operations related to skill games (remote skill games), bingo and casino games, referred to as "concessions";
- radio and tv broadcasting services called "servizi televisivi".

The sector results include both elements attributable directly and amounts reasonably attributable through a process of allocation for the costs that are shared by more than one sector and for indirect costs.

Revenues from the sale of software and technology, those for the set-up of stores and other revenues not included under the four specific areas of operation are not attributed to the main sectors; therefore, the costs related to the above-mentioned revenues, as well as the financial costs and proceeds not attributable to those four main business areas, are not attributed to specific sectors but rather to overall corporate governance.

The "concessions" segment includes all bets, both fixed-odds (in which the desk/counter is owned by the concession holder) and totalizator bets (where the desk/counter is owned by the Ministry of Finance), accepted in the PAS (*punti accettazione scommesse* – bet acceptance points) where SNAI is the direct concession holder.

Risk related to fixed-odds bets is borne by the concession holder since the latter is under a duty to pay winnings and taxes, while in the case of totalizator bets, no risk is borne by the concession holder since the latter is entitled to receive only a percentage of cash movements.

	Betting Services		Operation of racetracks		Concessions		Television service		Others		Eliminations		Total consolidated	
(amounts in thousands of Euro)	31.03.2013	31.12.2012	31.03.2013	31.12.2012	31.03.2013	31.12.2012	31.03.2013	31.12.2012	31.03.2013	31.12.2012	31.03.2013	31.12.2012	31.03.2013	31.12.2012
Sector assets	**3,525**	3,294	**15,784**	16,212	**94,733**	150,259	**14,389**	11,997	**3,010**	3,986	**0**	0	**131,441**	185,748
Tangible and inatigible fixed assets	**12,276**	12,229	**106,915**	107,390	**390,891**	398,852	**2,188**	2,188	**27**	31	**0**	0	**512,297**	520,690
Inattributed tangible and intangible fixed assets													**14,321**	14,363
Shareholdings in affiliates	**0**	0	**3,145**	3,148	**0**	0	**0**	0	**162**	162	**0**	0	**3,307**	3,310
Non-attributed assets													**107,867**	33,316
Total assets	**15,801**	15,523	**125,844**	126,750	**485,624**	549,111	**16,577**	14,185	**3,199**	4,179	**0**	0	**769,233**	757,427
Liabilities of the sector	**3,885**	3,605	**15,316**	15,779	**464,116**	516,716	**2,286**	2,410	**2,794**	3,371	**0**	0	**488,397**	541,881
Non-attributed liabilities													**108,014**	51,317
Total liabilities	**3,885**	3,605	**15,316**	15,779	**464,116**	516,716	**2,286**	2,410	**2,794**	3,371	**0**	0	**596,411**	593,198
Invesments:														
Tangible and intangible fixed assets	**108**	95	**535**	1,792	**2,297**	16,050	**195**	816	**0**	0	**0**	0	**3,135**	18,753
Inattributed tangible and intangible fixed assets													**1,035**	3,057

	Betting Services		Operation of racetracks		Concessions		Television service		Others		Eliminations		Total consolidated	
(amounts in thousands of Euro)	31.03.2013	31.12.2012	31.03.2013	31.12.2012	31.03.2013	31.12.2012	31.03.2013	31.12.2012	31.03.2013	31.12.2012	31.03.2013	31.12.2012	31.03.2013	31.12.2012
Sector revenues	**3,691**	4,123	**1,450**	3,709	**135,877**	130,503	**2,433**	2,434	**112**	227	**0**	0	**143,563**	140,996
Inter sector revenues	**935**	957	**78**	100	**0**	0	**574**	546	**115**	156	**(1,702)**	(1,759)	**0**	0
Operating results	**1,400**	1,602	**(2,539)**	(990)	**22,809**	9,713	**846**	941	**(379)**	(287)	**0**	0	**22,137**	10,979
Portion of results of shareholdings	**0**	0	**(3)**	11	**0**	0	**0**	0	**0**	0	**0**	0	**(3)**	11
Financial (costs) for the period	**(246)**	(7)	**(26)**	(40)	**(8,122)**	(9,567)	**(4)**	(7)	**(1,271)**	(30)	**0**	0	**(9,669)**	(9,651)
Income Taxes													**(5,047)**	(1,153)
Earnings (loss) for the period													**7,418**	186
Operating results include:														
Amortizations	**(153)**	(88)	**(1,016)**	(1,112)	**(11,174)**	(14,808)	**(195)**	(198)	**(4)**	(7)	**0**	0	**(12,542)**	(16,213)

In the first quarter of 2013:

- the difference in the operating earnings in the “Racetrack Management” segment was influenced by a reduction in revenues deriving from the core business operations due to both the national crisis affecting the horse racing sector and the reduction in the number of meetings scheduled on the 2013 calendar, as well as the suspension in operations at the harness racetrack in Milan;
- the improvement of the operating earnings in the “Concessions” segment is due mainly to the effect of the lower payout as compared with the same period last year; such improvement has been partially reduced by the negative effects of the above-mentioned crisis affecting the horse racing sector as well as the delay in the development of the ADI network caused by the Barcrest incident in April 2012.

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 2012.

4. Revenue from sales of goods and services

The amount of revenue from sales of goods and services in the first quarter of 2013 amounted to EUR 143,257 thousand, up from EUR 137,061 thousand in the first quarter of 2012, and is broken down as follows:

thousands of Euro	Q1 2012	Q1 2011	Change
Net revenues from the collection of fixed-odds and reference sports and horse race bets	52,513	37,444	15,069
Revenues from totalizator, IPN and CPS horse race bets	7,466	8,158	(692)
Revenues from Entertainment Devices (ADI)	68,603	76,284	(7,681)
Net revenues from remote games (Skill/Casinò/Bingo)	7,168	6,357	811
Revenues from betting collection services	1,464	1,771	(307)
Revenues from third party remote gaming services (GAD)	39	0	39
Revenues from services and assistance agreements	1,653	1,734	(81)
Revenues from the operation of betting services at racetracks	859	1,463	(604)
Operation of racetrack and real estate properties	358	521	(163)
Revenues from television services and related services	2,415	2,498	(83)
Revenues from set-up and sale of technology	59	55	4
Other services and sales to third parties	660	776	(116)
Total	**143,257**	**137,061**	**6,196**

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 2013	Q1 2012
Revenue from fixed-odds sports bets	231,799	235,948
Winnings and refunds from fixed-odds sports bets	(170,888)	(189,372)
Flat-rate tax on fixed-odds sports bets	(9,130)	-9631
Net revenue from fixed-odds sports bets	**51,781**	**36,945**
Revenue from FO [fixed-odds] horse and sports bets *Riferimento*	7,266	5,115
Winnings and Refunds, FO horse & *Riferimento*	(5,628)	(3,972)
Flat tax on FO horse & *Riferimento*	(298)	(212)
Horse-racing tax	(608)	(432)
Net revenue from FO horse and *Riferimento*	**732**	**499**
Total net revenue from fixed-odds sports & horse bets and *riferimento*	**52,513**	**37,444**

The increase in net revenues from betting sports during in the first quarter 2013, is due mainly to the lower payout as compared with at the first quarter 2012 . In the first quarter 2013 , the payout on sports betting is amounted to approximately 73.7%, down from 80.2% in the first quarter of 2012.
Revenues from horse race bets using the totalizator, national horse racing and betting pools have declined, due to the crisis affecting the horse racing sector.

Revenues from the concession for the operation of the entertainment devices network (ADI) were recorded for a total amount of Euro 68,603 thousand of the first quarter 2013, are stated on a gross basis, without deducting the fees contractually granted to the operator and the merchant. Such costs are stated in the item costs for services and the use of third party assets in note 7. It should be recalled that the concession holders are required to pay to AAMS an amount equal to 0.50% of the wagers played on each of the gaming devices connected to the electronic network as a security deposit, to secure the achievement of the pre-established service levels. The balance statement includes the amount, of Euro 18,040 thousand, related to the “ADI security deposit” paid in 2012 and in the first quarter 2013 (see note 20).

The security deposit is returned on an annual basis to the concession holders once the achievement of the service levels is verified. The executive decree 2012/60229/giochi/adi of 06/02/2013 determined the criterion and modalities for the return of the security deposit for year 2013. The SNAI Company, based upon the information gathered and the verifications carried out, is of the view that the service levels achieved over the current period will allow for the reimbursement of the security deposit.

On 7 July 2011, the business related to the Casino Games was launched, supplementing the group’s remote gaming services; set forth below are details on the item Net revenues from remote games (Skill/Casino/Bingo):

thousands of euros	**Q1 2013**	**Q1 2012**
Revenue from remote gaming	282,993	239,243
Winnings	(273,508)	(230,714)
Flat-rate tax	(2,317)	(2,172)
Net revenue from remote gaming	**7,168**	**6,357**

The item "Revenues from the operation of betting in racetracks" fell by Euro 604 thousand mainly due to the suspension of harness racing activities in Milan since the beginning of the year, preventing cash inflows from conducting races and from the facilities (in the first quarter 2012, 14 race days were held) and the reduction in the number of meetings scheduled on the 2013 calendar (in the first quarter 2013 with respect to the first quarter 2012, the calendar envisaged 5 fewer race days: 4 fewer at the harness racetrack in Montecatini and 1 fewer at the gallop racetrack in Milan).

The item “Revenues from television services and related services” includes mainly revenues deriving from the agreement entered into by the subsidiary Teleippica S.r.l. with MIPAAF (former ASSI absorbed of MIPAAF) for the television broadcasting of horse races at the points of acceptance of horse race bets.

5. Other revenue and income

The amount of other revenue and income of EUR 306 thousand in the first quarter (EUR 3,935 thousand) is comprised of the following items:

thousands of Euro	**Q1 2013**	**Q1 2012**	**Change**
Asset- side rentals and charge-back of ancillary expenses	53	54	(1)
Sale of option right	0	17	(17)
Asset-side settlements	0	3	(3)
Revenues for compensation and reimbursements for damages	95	2351	(2,256)
Contributions to ASSI formerly UNIRE funds	15	1,351	(1,336)
Capital gain from the sale of assets	3	0	3
Other revenues and proceeds	140	159	(19)
Total	**306**	**3,935**	**(3,629)**

The item “revenues from compensation and reimbursement for damages” referred to, in the first quarter of 2012, revenues of a compensatory nature received by SNAI for a number of its concessions payable by AAMS and deriving from the so-called Di Majo Award. Such revenues were cancelled in the second quarter of 2012 since the obtainment of additional information qualified the receivable underlying such revenues as a potential asset.

The item “ASSI former UNIRE" investment fund contributions” relates to revenues registered following testing by the Entity’s experts, which took place in 2011, in relation to works performed at the racetracks of Milan and Montecatini from 2000 through 2010, and the subsequent definition of the amounts admitted as said contribution. Such revenues have been recorded for accounting purposes in 2012 as contributions to the capital account in accordance with the income method, since the commitment to maintain the encumbrance on use for horse racing operations of the works in question, required by ASSI the former UNIRE as a condition precedent to the disbursement of the contribution, was signed in 2012.

As compared with the first quarter of 2012, thanks to the further information obtained on the nature of the contribution, the accounting registration of contributions has been changed from registration in the operating account to registration in the capital account on the basis of the income method.

6. Raw materials and consumables used

The raw materials and consumables used amount to a total of EUR 585 thousand (EUR 423 thousand for the first quarter of 2012), mainly related to materials used for bet collection, technology and the furnishings installed in the new points of sale. The capitalized assets amount to EUR 1,030 thousand (EUR 1,058 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 99,111 thousand (EUR 99,102 thousand in the first quarter of 2012), as detailed below:

thousands of Euro	Q1 2013	Q1 2012	Change
Betting acceptance operations	22,022	25,279	(3,257)
Entertainment devices services (ADI)	51,896	58,810	(6,914)
Remote gaming operations (Skill/Casino/Bingo)	1,628	1,585	43
Bookmakers	516	419	97
Remote gamig services	2,600	96	2,504
Operation of racetracks	210	377	(167)
Contributtions from horse race entities	10	46	(36)
Television and radio services	690	786	(96)
Rent of stations	99	95	4
Consultancies and expense reimbursements	917	2,076	(1,159)
Utilities and telephone	2,019	2,252	(233)
Assistance and maintenance	2,326	2,061	265
Advertising and promotion	1,648	1,673	(25)
IT services	881	850	31
Installations, logistics and planning	414	444	(30)
Collaborations, occasional and miscellaneous services	56	125	(69)
Insurance and bank guarantees	417	362	55
Market research	142	132	10
Information for realization quotas of posters and posters	127	103	24
Liabilities-side rent and ancillary expenses	212	294	(82)
Operating leases and rentals	206	178	28
Compensation paid to directors	323	302	21
Fees paid to the Auditing Firm	122	151	(29)
Compensation paid to statutory auditors	63	62	1
Fees for the oversight body and other committees	41	38	3
Reimbursemenet of directors' and statutory auditors' expenses	5	11	(6)
Other	521	495	26
Total	**90,111**	**99,102**	**(8,991)**

The table shows:

- Fees for the operation of betting acceptance services granted to the operators of horse race betting and sports betting stores and corners declined from Euro 25,279 thousand in the first quarter of 2012 to Euro 22,022 in this quarter. This decline was due to lower wagers received for sports bets in the physical network, partially offset by an increase in volumes in the electronic channel, as well as the new method of remunerating the network for promotional activities and the dissemination of remote gaming: these costs in the first quarter of 2013 are included in the item Remote Gaming Services, while in the first quarter of 2012 they were classified under the item operation of betting acceptance services;

- entertainment machine service costs (totaling EUR 51,896 thousand compared to EUR 58,810 thousand in the first quarter of 2012) 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 1,628 thousand (EUR 1, 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. Personnel costs

Personnel costs amount to a total of Euro 9,261 thousand in the first quarter of 2013, up from Euro 8,038 thousand in the first quarter of 2012, with an increase of Euro 1,223 thousand (+15.2%) due mainly to a new objective-based operating/management system, introduced in July 2012 which consists in the grant of bonuses to executives, mid-level managers and department heads, upon the achievement of the established objectives. Such system provides for the allocation in the relevant year and payment in the following year. Additional elements which comprise the negative difference are the increases in compensation, which are both contractual and granted on account of merit, and particularly the allocation of leaving incentives for executives who left the Group in the last month of the quarter. The leaving incentives, in the first quarter 2013, amount to Euro 712 thousand.

thousands of Euro	**Q1 2013**	**Q1 2012**	**Change**
Salaries and stipends	6,077	5,478	599
Corporate costs	1,946	1,671	275
Allocation to provisions for defined benefits/contribution plans	358	361	(3)
Costs for personnel training	28	18	10
Reimbursement of expenses to employees	136	113	23
Meal tickets for the company cafeteria	179	191	(12)
Other personnel costs	537	206	331
Total	**9,261**	**8,038**	**1,223**

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 composition of the personnel structure at the end of the financial year is illustrated in the following table, which shows an increase of 18 units as compared with 31 December 2012, mainly due to the stabilization, through a direct hiring, of personnel previously party to fixed term arrangements with the Group and the implementation of “core business” structures.

31.03.2012			31.12.2012		Entered in the period	Left in the period	31.03.2013		Average number over time
19		Directors	20		0	1	19		19
647		Employees and executives	633		34	11	656		640
94		Workers	78		0	4	74		74
760	*	Total Employees	731	**	34	16	749	***	733

* including 160 part-time and 10 on maternity

** including 153 part-time and 15 on maternity

*** including 176 part-time and 12 on maternity

9. Other operating costs

The other management costs amounted to a total of EUR 8,923 thousand for the first quarter of 2013 (EUR 6,432 thousand for the first quarter of 2012).

thousands of Euro	Q1 2013	Q1 2012	Change
Concessions and licenses	4,205	4,013	192
% of VAT non-deductibility	1,168	1,241	(73)
Allocations set aside for receivabels write-downs	2,096	437	1,659
Losses on receivables	420	86	334
Use of the provisions for the writedown of receivables and risks	(142)	(86)	(56)
Allocations set aside for risks provisions	67	96	(29)
Representation expenses	57	34	23
Contributions to associations	63	41	22
Other taxes	99	110	(11)
IMU (real estate tax)	372	119	253
Stationery, consumables and promotional materials	159	113	46
Environmental and health controls	10	13	(3)
Liabilities-side settlements	74	0	74
Capital losses from the sale of assets	41	47	(6)
Other administrative and operating costs	234	168	66
Total	**8,923**	**6,432**	**2,491**

The item “licenses and concessions” includes, among other things:

- the concession fee for the legal gaming on entertainment machines (ADI) of EUR 2,315 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 1,555 thousand;
- the concession fee for remote public gaming, as provided by the related concession in the amount of EUR 215 thousand;
- the fee owed for television business of EUR 87 thousand.

In the first quarter 2013, an allocation was set aside to the receivables write-down provisions in the amount of Euro 2,096 thousand in order to align with their recoverable value receivables that arose in prior financial years in connection with the Group’s core business operations and which showed, over the course of the year, growing difficulties with regard to their collection.

In the first quarter 2013, an allocation was set aside to the risks provisions for technological adjustments in the amount of Euro 67 thousand was provided under art. 19 of the AWP Concession.

The item “% of non-deductibility for VAT purposes”, equal to Euro 1,168 thousand, is due to the distinct types of operations conducted by SNAI S.p.A., Festa S.r.l. and by Società Trenno S.r.l., which generate, in part, the revenues for taxable services for VAT purposes and in part revenues exempt from VAT, having a consequent effect on the non-deductibility of VAT on purchases.
The companies SNAI S.p.A., Festa S.r.l. and Società Trenno S.r.l. have opted for separate operations for VAT purposes; this choice means that, for purchases related to the operations that generate taxable transactions, VAT is entirely deductible, while that on purchases related to operations that generate exempt transactions is entirely non-deducible.
As regards the tax on goods and services used promiscuously by all of the business operations, the VAT is deducted subject to the limits of the portion attributable to the financial year of the operations which produce taxable revenues to which it refers; in such regard, the cost of non-deductible VAT has been calculated by determining specific allocation criteria.

10. Costs for capitalized internal works

Costs for capitalized internal works, amounting to a total of Euro 249 thousand (Euro 191 thousand) are essentially related to software generated internally for:

- IT systems supporting the Business lines (Business Intelligence)
- centralized systems for the operation of Bingo OnLine
- centralized systems and peripheral terminals for the acceptance of bets
- centralized systems for the management of contacts with AAMS and client invoicing services for entertainment devices
- centralized systems, gaming interfaces and integration protocols for the collection of remote gaming wagers through SnaiCards
- networking solutions supporting the Business lines
- development and reinforcement of the company ERP
- centralized and peripheral systems for the operation of additional services at points of sale
- centralized systems and web interfaces for the integration and sale of games known as Skill games (tournament poker, cash poker, casino games, slot games)
- web-based solutions for information for the Operator, knowledge base, handbooks, how-to, integration with the system for the opening of requests for intervention and sourcing of consumables (SnaiPartner)
- viewing systems for the point of sale (new graphics pages, Live bets, HD pages)
- centralized systems for the management of contacts with AAMS, reporting, client services (VLT)
- control systems for of the game (SnaiProfit)

11. Depreciation and write-downs

Amortizations and depreciations amounted to a total of EUR 12,542 thousand for the first quarter of 2013 (EUR 16,213 thousand), as detailed below:

thousands of Euro	Q1 2013	Q1 2012	Change
Amortization of intangible fixed assets	7,849	11,195	(3,346)
Amortization of tangible fixed assets	4,693	5,018	(325)
Total	**12,542**	**16,213**	**(3,671)**

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

12. Financial costs and proceeds

Net costs amount to Euro 9,672 thousand, showing an increase of Euro 32 thousand over the first quarter of 2012, as detailed below:

thousands of euro	Q1 2013	Q1 2012	Change
Income and expenses from investments			
Appreciation/(depreciation) Alfea S.p.A.	(3)	11	(14)
	(3)	**11**	**(14)**
Financial income			
Profits on foreign exchange	2	0	2
Bank interest income	197	108	89
Other interest income	70	183	(113)
	269	**291**	**(22)**
Borrowing costs			
Other interest expense	78	45	33
Exchange rate losses	3	3	0
Interest expenses on bank accounts	0	123	(123)
Interest liabilities and accessory expenses on leasing	1,739	1,537	202
Interest expenses on loans	5,762	6,188	(426)

Interest expenses on TFR	33	56	(23)
Loan charges from discounting liabilities	2	6	(4)
Financial charges related to invalidity quota of derivative hedging	12	12	0
Other financial charges	2,309	1,972	337
	9,938	**9,942**	**(4)**
Total	**(9,672)**	**(9,640)**	**(32)**

The item financial proceeds indicates the earned interest accrued on the bank accounts in the amount of Euro 197 thousand and the miscellaneous earned interest of Euro 70 thousand mainly calculated on payment extensions agreed on trade receivables.

Noteworthy components of financial costs include:

- costs calculated in accordance with the amortized cost method provided under IAS 39, applying the method of the actual interest rate on loans (for further details on loans, reference is made to note 27) in the total amount of Euro 5,762 thousand, of which Euro 880 thousand is attributable to ancillary costs;
- interest payable calculated on financial leasings in the amount of Euro 1,086 thousand on leasings for Euro 653 thousand, including non-deductible VAT;
- other financial costs, including Euro 1,117 thousand for differentials on derivative hedging, Euro 600 thousand of fees on bank guarantees, Euro 294 thousand for fees payable on loans and Euro 273 thousand of bank expenses.

For further details on the items in place vis-à-vis the companies belonging to the group, reference is made to note 33 “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 2013, show a positive value of EUR 5,047 thousand.

thousands of euro	**Q1 2013**	**Q1 2012**
IRES	485	260
IRAP	1,284	653
Provision for deferred tax liabilities	1,226	1,263
Use of deferred tax liabilities provision	(200)	(689)
Prepaid taxes	(825)	(925)
Use of deferred tax credit	3,077	591
Total	**5,047**	**1,153**

The following table shows the reconciliation between the tax charges of IRES and IRAP resulting from the short-form financial statement as of 31 March 2013 and the theoretical amount (in thousands of euro):

		Q1 2013		**Q1 2012**
Before tax earnings		12,465		1,339
Theoretical IRES tax burden	*27.50%*	(3,428)	*27.50%*	(368)
Theoretical IRAP tax burden	*4.20%*	(524)	*4.20%*	(56)
Totale theoretical tax Recovery/(Cost)		**(3,951)**		**(424)**
Fines, Sanctions and other Taxes		(37)		(43)
Write-down of Shareholding		(399)		(280)
Other permanent non-deductible costs		(290)		(73)
Other permanent deductions		438		23
		(4,239)		**(797)**
Permanent differences in Irap (including personnel)		(808)		(356)
		(5,047)		**(1,153)**
Taxes and duties for past years		0		
Actual tax recovery /(cost)	*-40.49%*	**(5,047)**	*-86.14%*	**(1,153)**

For further details on the effects deriving from the tax burden and the tax consolidation regime, reference is made to the details set forth in note 17 "Taxes paid in advance and deferred taxes" of these explanatory notes. For purposes of direct and indirect taxes, year 2007 has already been settled.

Reference is made to paragraph 28 for further details on tax disputes.

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

The comparison between figures, which are always expressed in thousands of Euro, unless otherwise specifically indicated, is carried out with the corresponding figures as of 31 December 2012.

14. Tangible fixed assets

The value of property, plant and equipment as at 31 March 2013 amounts to EUR 50,834 thousand (EUR 152,133 thousand). Changes in the year are due to the combined effects of depreciation for the year totaling EUR 4,693 thousand, investments EUR 3,427 thousand, reclassifications from intangible assets for EUR 15 thousand and divestitures/sales, net of depreciation, for EUR 28 thousand.

In thousands of Euro	**Land and buildings**	**Plants and machinery**	**Industrial and commercial equipment**	**Other assets**	**Fixed assets in progress and down payments**	**Total**
<u>Cost</u>						
Balance at 31 December 2012	**138,772**	**155,834**	**7,199**	**23,215**	**1**	**325,021**
Reclassifications	0	16		0	(1)	15
Other increases	535	2,321	0	570	1	3,427
Decreases	0	(105)	0	(45)	0	(150)
Balance at 31 Marh 2013	**139,307**	**158,066**	**7,199**	**23,740**	**1**	**328,313**
<u>Amortization and losses in value</u>						
Balance at 31 December 2012	**30,719**	**123,085**	**6,670**	**12,434**	**0**	**172,908**
Amortization for the year	743	3,319	42	589		4,693
Write-downs		0		0		0
Divestitures	0	(94)	0	(28)		(122)
Reclassifications	0	0	0	0	0	0
Balance at 31 Marh 2013	**31,462**	**126,310**	**6,712**	**12,995**	**0**	**177,479**
Book values						
At 31 December 2012	108,053	32,749	529	10,781	1	152,113
At 31 March 2013	107,845	31,756	487	10,745	1	150,834

The owned plants and machinery include electricity, water, fire prevention, air conditioning systems, as well as interventions for adaptation of the same to regulations, electronic machines, and technology for connections to the network of the central systems.

Increases as of 31 march 2013, in the amount of Euro 3,427 thousand refer mainly to the following:

- the item Land and Buildings in the amount of Euro 535 thousand, related mainly to interventions for consolidation and improvement of structural works, stables and the gallop racetrack;
- the item plants and machinery of Euro 2,321 thousand related to: with respect to Euro 139 thousand, electro-thermal and electric plants, with respect to Euro 586 thousand, technology delivered on a gratuitous basis to the points of sale, with respect to Euro 1,261 thousand, hardware and interconnection network with the points of sale, with respect to 144 thousand, radio and video bridges, with respect to Euro 191 thousand, the cost of purchase of instrumental assets (servers, printers, PCs and monitors) and other plants and devices for the conduct of the various business operations of the companies belonging to the Group;

- the item other assets of Euro 570 thousand related to: with respect to Euro 520 thousand, furnishings delivered on a gratuitous basis to the directly operated points of sale and stores and, with respect to Euro 50 thousand, furnishings of the company's offices.

Financial costs have not been capitalized in tangible fixed assets, since the Group does not have any qualifying assets, as defined under IAS 23.

Leasing

The Group has entered into leasing agreements for the use of certain plants, machines and equipment which will end at various expiry dates through June 2016.These agreements include redemption and/or extension clauses. The real estate property in Porcari, which is included among land and buildings, is subject to a financial lease with the company Ing Lease Italia S.p.A., for a historic cost of Euro 3,500 thousand, of which Euro 382 thousand relates to land and an amortization provision, as of 31 march 2013, of Euro 818 thousand.

The following table sets forth the minimum future installments of the financial leasings:

thousands of euro	**Total**
Total commitment at 31.03.2013	14,162
of which	
Fees due within 12 months	10,048
Fees due between 1 to 5 years	4,114
Fees due beyond 5 years	-
Redemption	948

The installments falling due under the operating leases do not present significant amounts.

15. Intangible assets

The item for intangible assets at 31 March 2013 consists of EUR 375,784 thousand (382,940 thousand), the changes in the year due to the combined effects of depreciation for the year amounting to EUR 7,849 thousand, net divestment EUR 35 thousand, reclassifications to tangible assets of € 15 thousand and investments of EUR 743 thousand.

In thousands of Euro	**Goodwill**	**Concessions licenses, trademarkst and similar rights**	**Development costs**	**Industrial patent rights and use of intellectual property**	**Other**	**Fixed assets in progress**	**Total**
Cost							
Balance at 31 December 2012	**231,605**	**396,602**	**0**	**14,142**	**13,181**	**17,308**	**672,838**
Reclassifications		2,445	0	21	0	(2.481)	(15)
Other increases		270	0	120	47	306	743
Decreases	0	(80)	0	0	0	0	(80)
Balance at 31 Marh 2013	**231,605**	**399,237**	**0**	**14,283**	**13,228**	**15,133**	**673,486**
Amortization and losses in value							
Balance at 31 December 2012	**74**	**269,628**	**0**	**11,706**	**8,490**	**0**	**289,898**
Amortization for the year		7,328	0	99	422		7,849
Write-downs		0	0	0	0		0
Divestitures		(45)	0	0	0		(45)
Reclassifications				0			0
Balance at 31 Marh 2013	**74**	**276,911**	**0**	**11,805**	**8,912**	**0**	**297,702**
Book values							
At 31 December 2012	231,531	126,974	0	2,436	4,691	17,308	382,940
At 31 March 2013	231,531	122,326	0	2,478	4,316	15,133	375,784

The investments of Euro 743 thousand are mainly related to the following:

- the item “licenses, trademarks and similar rights” in the amount of Euro 270 thousand related to the grant of the AWP clearance;
- the item “industrial patent rights and copyrights” in the amount of Euro 120 thousand of which Euro 50 thousand relates to licenses for streaming software and Euro 50 thousand relates to operating programs for administrative, finance and control;
- fixed assets in progress in the amount of Euro 306 thousand related to internally generated software that has not yet been completed.

In the intangible fixed assets in progress are the acquired rights for the VLT for EUR 14,540 thousand relating to gaming machines that have not yet been tested by AAMS.

Financial costs have not been capitalized in intangible fixed assets since the Group does not have qualifying assets, as defined under IAS 23.

The goodwill in existence of Euro 231,531 thousand, is allocated to the following cash flow generating units (CGU):

- Euro 219,951 thousand to the Concessions CGU, of which Euro 219,241 was generated by the acquisition of concessions business units starting on 16 March 2006 and Euro 710 thousand was generated from the aggregation for the purchase of the shareholding in Agenzia Ippica Monteverde S.r.l.” (now merged into SNAI S.p.A.). Such CGU is represented by the operations related to the concession for the entrusting of the activation and operation of the network for the electronic operation of lawful gaming through fun and entertainment devices, and the related assets and functions” (slot machines - AWPs and videolotteries - VLTs), as well as operations related to skill games, bingo and casino games;
- Euro 11,137 thousand to the Betting Services CGU, contributed by SNAI Servizi Spazio Gioco S.r.l., merged into SNAI S.p.A. in 2002, consisting of the operations relate dot the electronic services supplied to the betting acceptance points;
- Euro 443 thousand contributed by Teleippica S.r.l. and referring to the Television Services CGU, consisting in the operations related to television services.

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).
In the event that the test reveals a loss in value, the Group must register a write-down on the financial statement.
In the first three months no events or changes occurred which would call for assessments concerning the identification of possible lasting losses in goodwill value.

16. Shareholdings

The Group's shareholdings are set forth in the following table:

	Value in accounting statement as of	**Value in accounting statement as of**	**Percentage of holding**	
thousands of Euro	**31.03.2013**	**31.12.2012**	**31.03.2013**	**31.12.2012**
Affiliates and subsidiaries that are not fully consolidated				
- Hippogroup Roma Capannelle S.p.A.	1,789	1,789	27.78	27.78
- Alfea S.p.A. A15	1,356	1,359	30.7	30.7
- Connext S.r.l.	63	63	25	25
- Solar S.A.	53	53	30	30
- Teseo S.r.l. in liquidation	0	0	70	70
Total shareholdings assessed using the net equity method	**3,261**	**3,264**		
Other				
- Tivu + S.p.A. in liquidation	0	0	19.5	19.5
- Lexorfin S.r.l. A18	46	46	2.44	2.44
Total shareholdings in other companies	**46**	**46**		

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

17. Deferred taxes assets and deferred tax liabilities

The aggregate amount of the temporary differences and tax losses carried forward are set forth in the following tables, together with the theoretical amount of deferred tax assets and liabilities, and the amounts in the consolidated accounts.

Temporary differences	Amount	Rate	Tax effect	Advances entered	Period of repayment
Tax provisions for receivables write-downs	42,662	27.50%	11,732	11,732	2013 and following years
Risks provisions	16,439	27.50%-31.70%	5,189	5,189	2013 and following years
Provisions for the write-down of inventory	621	31.70%	196	196	2013 and following years
Difference between balance sheet value and tax value of goodwill	6,182	31.70%	1,934	1,934	2013 and following years
Interest Rate Swap	7,798	27.50%	2,145	2,145	2013 and following years
Other temporary differences	36,773	27.50%-31.70%	10,110	10,110	2013 and following years
Total	**110,475**		**31,306**	**31,306**	

Prior tax losses eligible for being carried forward	Amount	Rate	Tax effect	Benefits entered	Usable by
SNAI S.p.A.:					
year 2008	10,833	27.50%	2,979	2,979	eligible for being carried forward indefinitely
year 2009	10,200	27.50%	2,805	2,805	eligible for being carried forward indefinitely
year 2010	29,060	27.50%	7,992	7,992	eligible for being carried forward indefinitely
year 2011	27,186	27.50%	7,476	7,476	eligible for being carried forward indefinitely
year 2012	31,359	27.50%	8,624	8,624	eligible for being carried forward indefinitely
	108,638		**29,876**	**29,876**	
Total prior losses	**108,638**		**29,876**	**29,876**	

Total taxes paid in advance				**61,182**	

The following table sets forth the changes in deferred tax assets:

	31.12.2012	alloc.	uses	31.03.2013
Credit for taxes paid in advance	63,879	825	(3,522)	61,182

On 31 march 2012, the Directors of SNAI S.p.A. confirmed their assessment as to the recoverability of the deferred tax assets that had arisen out of the temporary differences between the book values and the tax values of the relevant assets and liabilities, and as to the tax losses arising out of the national tax consolidation.
The aforementioned recoverability is founded upon the forecasts of future positive results made in the Group's business plans.

It should be noted that the Group has deferred tax assets and deferred tax liabilities in a net amount of deferred tax assets in the amount of Euro 12,005 thousand (the net value of deferred tax assets as of 31 December 2012 was Euro 15,729 thousand).
We report the use of taxes paid in advance in the amount of Euro 1,942 thousand as the result of the use of pre-existing tax losses over the course of the quarter, subject to a limit of 80% of the IRES taxable income for the period in question (the total receivable on remaining tax losses now amounts to Euro 29,876).
The difference between the book values and the tax values of tangible and intangible assets, of Euro 6,182 thousand, with a tax effect of Euro 1,934 thousand, is principally related to finance leases entered into in the years up to and including 2007 (Euro 4,979 thousand, with a tax effect of Euro 1,578 thousand).

"Other temporary differences" of Euro 36,773 thousand, with a tax effect of Euro 10,110 thousand, principally related to interest expense that was not deducted pursuant to article 96 of the Consolidated Law on Income Taxation (Euro 35,228 thousand, with a tax effect of Euro 9,688 thousand).
In June 2012, the Company, as parent of the group, again opted for domestic tax consolidation pursuant to articles 117 *et seq*. of Presidential Decree No. 917/1986 for the three years ending 2014. The following companies participated in that consolidation, companies consolidated by the Company: Festa S.r.l.; Mac Horse S.r.l, in liquidation (struck off the register in the course of precedent financial year); Immobiliare Valcarenga S.r.l.; and Teleippica S.r.l, the latter participating in the fiscal consolidation with effect from the 2012 tax year. Società Trenno S.r.l. has also been participating in the tax consolidation since the 2007 tax year, and the option for the 2010-2012 period is currently effective for that company.
Tax consolidation may have some beneficial effects upon the Group's tax burden, including the immediate availability for use, in whole or in part, of the tax losses of companies participating in the consolidation, reducing the income of other consolidated companies; and the ability to recover interest expense that has not been deducted by the consolidated companies where there exists excess gross operating income of the other companies taking part in the tax consolidation.
SNAI S.p.A., as parent for the purposes of the consolidation, is obliged to pay the balancing and advance amounts of IRES corporation tax that are payable on the basis of the consolidated companies' income declarations.
Under the agreements in place, the payment of taxes on taxable income that is transferred to the parent takes place through setoff with credits for advance payments, sums withheld at source, tax deductions or by other means, and for any amounts that are not offset, by the Company's settlement within 90 days of requests that it receives from a consolidated company.
In the event that the consolidated companies transfer tax credits to SNAI S.p.A., that transfer implies an indemnity to those companies in the amount of the tax credits thus transferred.

The consolidated companies remain liable for the taxes to the Treasury in the event that a greater tax amount is assessed to SNAI S.p.A. on the basis of errors in the calculation of the tax amount as communicated by the consolidated companies.
Finally, SNAI S.p.A., as parent in the tax consolidation, and Società Trenno S.p.A. (now merged by incorporation into the former) opted for infragroup transfers to be treated neutrally, pursuant to article 123 of the Consolidated Law of Income Taxation, in relation to the transfer by Società Trenno to SNAI of the racetrack in Milan, San Siro, and of the racetrack in Montecatini Terme, both of which took place in March 2006.

As a result, the Group has benefitted from the sterilization of the capital gain for tax purposes that arose as a result of that transfer, of approximately Euro 32 million. Naturally, that neutral treatment will not apply in the event of any subsequent transfer that is not made under such a neutral treatment, or if domestic tax consolidation is not renewed or otherwise ceases.

Deferred tax liabilities have been calculated in relation to those properties, following transition to IAS/IFRS, as set out in greater detail below.

Temporary differences	Amount	Rate	Tax effect	Deferred
Tax amortization of goodwill	(10,951)	31.70%	(3,340)	(3,340)
Severance Indemnity (TFR)	(9)	27.50%	(2)	(2)
Tax amortization of goodwill of business units	(104,218)	31.70%	(32,262)	(32,262)
Difference between balance sheet value and tax value of tangible fixed assets	(42,717)	31.70%	(13,492)	(13,492)
Other temporary differences	(294)	31.70% - 27.50%	(81)	(81)
Total deferred taxes	(158,189)		(49,177)	(49,177)

The following table shows the changes in the deferred taxes provisions:

	31.12.2012	alloc.	uses	31.03.2013
Provisions for deferred taxes	48,150	1,226	(199)	49,177

The Directors of SNAI S.p.A. decided to recognize the deferred taxes generated by all the temporary differences between book values and tax values of the relevant assets and liabilities. In particular, business divisions that were acquired have been recognized as business aggregations, applying the acquisition method under IFRS 3.
The Company has accordingly recognized the identifiable assets and liabilities acquired and assumed in the acquisition at their acquisition-date fair value, and thus recognized goodwill only after having allocated the acquisition cost as described above. Goodwill is not amortized but subject to an annual impairment test, while its amortization for tax purposes is governed by article 103, paragraph 3, of Presidential Decree 917/1986, which gives rise to deferred tax liabilities.
The difference between the book value and the tax value of tangible assets, of Euro 42,717 thousand, with tax effects of Euro 13,492 thousand, principally related to the properties previously owned by Società Trenno, in Milan San Siro and Montecatini Terme (Euro 39,014 thousand, with tax effect of Euro 12,367 thousand).

18. Inventories

This item increased by Euro 698 thousand, compared with 31 December 2012. Its composition is set forth in the following table:

thousands of Euro	31.03.2013	31.12.2012	Change
Raw materials	250	250	0
Semi-finished goods	40	80	(40)
Finished products/goods	2,396	3,054	(658)
Total	**2,686**	**3,384**	**(698)**

The value of inventories is shown net of the provisions for the write-down of inventories, which, as at 31 December 2013, amounted to Euro 621 thousand (compared with Euro 291 thousand as at 31 December 2012). The following table sets forth changes in the provisions for the write-down of inventories.

	31.12.2012	alloc.	uses	31.03.2013
Inventory write-down provisions				
Raw materials	77			77
Semi-finished goods	3			3
Finished products/goods	211	330		541
Total	**291**	**330**	**0**	**621**

19. Trade receivables

Trade receivables comprised the following:

thousands of euro	31.03.2013	31.12.2012	Change
Trade receivables			
- to customers	102,933	101,960	973
- To MIPAAF (the former ASSI merged into MIPAAF)	27,273	26,736	537
- to stables, jockeys, bookmakers	441	529	(88)
- to parent companies Global Games S.p.A.	6	6	0
- receivables for collection and in portfolio	1,906	965	941
- fund for doubtful debts	(40,237)	(38,359)	(1,878)
Total	**92,322**	**91,837**	**485**

Trade receivables included the balances as at 31 march 2013 due from operators for accepting bets (Bets and ADIs), net of the compensation due to those operators.
Trade receivables also included matters that have been passed to the legal advisor of SNAI S.p.A., in the amount of Euro 44,482 thousand (compared to Euro 44,496 thousand).

The receivable owed by MIPAAF (the former ASSI merged into MIPAAF – Ministry of Agricultural, Food and Forestry Policies) in the amount of Euro 27,273 thousand includes:

- Euro 14,125 thousand related to invoices for 2012 and the first quarter of 2013 to be received and the receivable for financial years from 2009 through 30 June 2012, related to contributions for the so-called customizations of metropolitan racetracks. In the first quarter of 2013, Euro 2,346 thousand was received.
- EUR 13,148 thousand for the contract concluded by Teleippica S.r.l. 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. In April were collected 937 thousand euro.

The provisions for the write-down of trade receivables were calculated taking into consideration the amount of receivables that were doubtful, in light of the debtors' specific conditions and any security that had been provided towards the companies of the group, and also an appropriate assessment of the possibility of recovering overdue receivables, and of on-going disputes, as set out in reports from the Group's legal advisors. In light of the signature guarantees obtained from debtors, the provisions were considered by the Directors to be appropriate for meeting foreseeable future losses on receivables.

20. Other assets

Other non-current assets, which are classified among the other non-financial assets, were as set forth in the following table:

thousands of euros	31.03.2013	31.12.2012	Change
Other non-financial assets			
Tax Receivables			
- revenue for tax refund	62	62	0
- revenue for tax litigation	87	73	14
- revenue for reimbursement of IRAP	24	24	0
- revenue for capital taxes	54	54	0
	227	**213**	**14**
Other receivables:			
- security deposit assets	1,582	1,584	(2)
	1,582	**1,584**	**(2)**
Trade receivables:			
- receivables in portfolio	511	544	(33)
	511	**544**	**(33)**
Total other non-financial assets	**2,320**	**2,341**	**(21)**

The security deposits include, *inter alia*, Euro 500 thousand related to the deposit granted in favor of the company P4Pay S.r.l. for the guarantee pertaining to the PostePay cards, and Euro 500 thousand for the judicial security deposit granted in favor of a player as the result of the malfunctioning of the VLT Barcrest platform. For further details, see the paragraph entitled *"Disputes initiated by players holding allegedly winning tickets following the malfuncitoning of the VLT Bracrest platform"* included in note 28.

The other current assets were as set forth in the following table:

thousands of euro	31.03.2013	31.12.2012	Change
Other current assets			
Tax Receivables:			
- Revenue for IRES deposit/credit	1,284	1,284	0
- Revenue for IRAP deposit/credit	1,446	1,446	0
- Other loans to treasury	231	188	43
	2,961	**2,918**	**43**
Receivables from others:			
- ADI security deposit	18,040	14,181	3,859
- Advance concession fee AAMS	3,432	988	2,444
- Receivables from AAMS for winnings on competitions and forecasts on National Horseracing	116	81	35

- Security deposit on Remote Gaming (Skill/Bingo)	196	336	(140)
- Receivables from Skill Games	198	180	18
- Other receivables from bet acceptance points	166	135	31
- Receivables from AAMS positions for purchasing company branches	296	296	0
- Receivables from AAMS for Di Majo Award	4,555	9,940	(5,385)
- Receivables for paying PREU interest and penalties not owed	2,114	2,114	0
- TIVU + S.p.A. in liquidation	0	0	0
- Receivables for refunding commissions on guarantees	48	48	0
- Receivables from Bluline electronic wallet	226	226	0
- Benefits entities	298	144	154
- Other Receivables	2,230	2,128	102
- Fund for doubtful debts funds	(2,235)	(2,196)	(39)
	29,680	**28,601**	**1,079**
Prepayments and accrued income			
- Accrued income	16	16	0
- Prepayments	5,070	4,829	241
	5,086	**4,845**	**241**
Total other current assets	**37,727**	**36,364**	**1,363**

The ADI entertainment devices deposit, in the amount of Euro 18,040 thousand (Euro 14,181 thousand) was 0.5 percent of the gaming revenues generated by fun and entertainment devices (AWP and VLT devices) in 2012, as more particularly described in Note 4, revenues from sales of goods and services. The item advance concession fee for EUR 3,432 thousand includes the fixed installment paid to AAMS in advance for the year 2013 relating to the concession fee for horserace and sports betting. For further details, see note 9.
The item, Amounts receivable from AAMS under the Di Majo arbitral award, regarded certain amounts receivable as compensation by operators and third-party concession holders from AAMS under the Di Majo award which were assigned to SNAI in December 2011 and June 2012. Once there is agreement among the majority of participants in the award, SNAI S.p.A. will act on behalf of the concession holders in handling the compensation that AAMS is to pay. That was the reason the parent company purchased the receivables, which will be paid only to the extent that AAMS pays out on all of the compensation amounts. Indeed, recognized among the other liabilities was the liability towards the persons who assigned their claims (Note 29). Beginning on 5 August 2012, the Company began to make set-offs between the liabilities for the collection of bets, due every two weeks (the "former ASSI fifteen-day payments") and the amounts receivable by the horse race concession holders from AAMS under the di Majo award, purchased by the Company in December 2011 and June 2012. As the agreements between the Company and the transferors provide, SNAI has offset overdue trade receivables from those horse race concession holders against the claims and/or paid residual amounts onto escrow accounts (see note 21).

21. Current financial assets

The current financial assets were as set forth in the following table:

thousands of Euro	31.03.2013	31.12.2012	Change
Current financial assets			
Dedicated bank accounts	7	7	0
Escrow accounts and unavailable bank balances	15,276	10,241	5,035
Shares in former Società Fiorentina Corse Cavalli for exchange	1	1	0
Total current financial assets	**15,284**	**10,249**	**5,035**

The escrow accounts were opened by the Company in order to manage the sums arising out of the setoff between the amounts receivable from AAMS under the Di Majo award, and the liabilities for the collection of bets, due every two weeks (the "former ASSI fortnightly payments"). For further details of this, please refer to Note 20. Such escrow accounts were being used pending the issue of the conclusive court order in the litigation pending between the horse race concession holders, the Finance Ministry, and the Ministry of Agriculture.
At the hearing of 14 December 2012, the Court of Appeal of Rome without the lawsuit for judgment, and assigned to the parties the procedural deadlines to submit their final briefs/conclusions.

The parties have filed their final briefs between January and March. The proceedings were withheld for decision and therefore the judgment is now pending.
The unavailable sums held in bank accounts related to amounts temporarily unavailable due to enforcement actions undertaken by others. Such amounts include different attachments notified on the basis of a single enforcement action, taken against a number of different accounts.
Escrow accounts and unavailable sums held in bank accounts were not included in the Net Financial Position (see Note 38).

22. Cash and cash equivalents

Cash and cash equivalents are set forth in the following table:

thousands of Euro	31.03.2013	31.12.2012	Change
Bank accounts	27,456	10,789	16,667
Postal bank accounts	23	17	6
Cash and valuables in coffers	308	204	104
Available liquidity	**27,787**	**11,010**	**16,777**
Bank overdrafts	0	0	0
Net cash and cash equivalents	**27,787**	**11,010**	**16,777**

23. Net shareholders' equity

The share capital of the parent company, SNAI S.p.A., as at 31 March 2013, entirely subscribed and fully paid, amounted to Euro 60,748,992.20 (the same amount as at 31 December 2012), and comprised 116,824,985 ordinary shares (the same number as at 31 December 2012).
Ordinary shareholders are entitled to receive such dividends as are resolved upon from time to time, and have one vote in the company's shareholders' meetings for each share they hold.

number of authorized shares	116.824.985
number of shares issued and entirely paid in	116.824.985
nominal value per share in Euro	0,52

The number of shares and the share capital is unchanged compared to 31 December 2012.
All of the issued shares are ordinary shares.
The parent company SNAI S.p.A. does not hold treasury shares directly or through any subsidiaries or affiliates.

Reserves

Legal reserve
The legal reserve amounted to Euro 1,559 thousand.

Share premium account
The share premium account, of Euro 154,345 thousand, was established with the share capital increase resolved upon on 14 September 2006, and completed on 15 January 2007. The amount of that increase, of Euro 219,535 thousand, has been reduced by the associated charges, net of the tax effect related to the increase of Euro 8,216 thousand, in line with IAS 32. Euro 15,415 thousand of the amount was used to make up the loss in the 2010 financial year, as resolved by the shareholders' meeting of 29 April 2011; and Euro 41,559 thousand to make up the loss of the 2011 financial year and the losses carried forward of Euro 1,032 thousand, as resolved by the shareholders' meeting of 27 April 2012.

Cash Flow Hedge reserve
The cash flow hedge reserve was negative by Euro 5.645 thousand, and consisted of derivatives being taken directly to equity (see Note 34).

Severance Indemnity (TFR) reserve (IAS 19)
The severance indemnity reserve (IAS 19) in the amount of Euro -508 thousand is comprised of the recording following the net equity method of the actuarial earnings/losses.

Earnings (losses) carried over
The earnings (losses) carried forward amount to losses of Euro 45,096 thousand, the changes over the period of Euro 42,560 thousand were due to the loss for year 2012, pending coverage, since as of 31 March 2013, the shareholders' meeting has not yet resolved upon such coverage.

Minority interests
As at 31 March 2013, minority interests were nil, in that none of the subsidiaries consolidated on a line-by-line basis were partly held by minorities.

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).

Other components of the total net income statement	Q1 2013	Q1 2012
Items reclassifiable on the income statement		
Derivative instruments for hedging:		
Fair value adjustment of interest rate swap	1,620	(1,714)
Tax effect	(445)	472
Hedging derivative instruments	**1,175**	**(1,242)**
Total earnings (loss) for financial year	**1,175**	**(1,242)**

25. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 March 2013 was made considering the loss attributable to shareholders of ordinary shares, equaling EUR 7,418 thousand (at 31 December 2012: loss for EUR 42,560 thousand) and the weighted average number of shares outstanding during the period ending at 31 March 2013 , equaling EUR 116,824,985 (at 31 December 2012: EUR 116,824,985).
The calculation was made as follows:

in thousands	31.03.2013	31.12.2012	31.03.2012
Earnings (loss) attributable to holders of ordinary shares = earnings for financial year of the group (a)	7,418	(42,560)	186
Average weighted number of ordinary shares /1000 (b)	116,824.99	116,824.99	116,824.99
Earnings (loss) per base share (a/b)	**0.06**	**(0.36)**	**0.00**

Diluted profit (loss) per share
The diluted profit (loss) per share is the same as the basic profit (loss) per share, as no financial instruments with potentially dilutive effects have been issued.

26. Severance indemnity provisions

The severance indemnity provisions amounted as at 31 March 2013 to Euro 4,829 thousand, compared to Euro 5,190 thousand as at 31 December 2012.

The following table sets forth detailed information on changes in the funds:

thousands of Euro	
Balance as of 01.01.2013	**5,190**
Allocation set aside	19
Use	(413)
Financial costs	33
actuarial losses/(Earnings)	0
Balance as of 31.03.2013	**4,829**

Severance indemnity provisions are defined-benefit plans accounted for under IAS 19, applying the projected unit credit method, which consists of estimating the amount to be paid to each employee at the time of their departure, and discounting that liability on the basis of an assumption as to the timings of their departures calculated using actuarial methods.

27. Financial liabilities

The financial liabilities were as set forth in the following table:

thousands of Euro	31.03.2013	31.12.2012	Change
Non-current financial liabilities			
Secured loans granted by banks	329,746	328,866	880
Debts for financial leasings	4,725	6,164	(1,439)
Interest rate SWAP	7,798	9,406	(1,608)
Total other non-current liabilities	**342,269**	**344,436**	**(2,167)**
Current financial liabilities			
Current quotas of long-term loans granted by banks	16,100	16,100	0
Secured loans granted by banks	18,000	9,000	9,000
Debts for financial leasings	7,571	9,902	(2,331)
Debts owed to banks	307	1,038	(731)
Debt owed to PAS for the purchase of horse race and sports Concessions business units	156	155	1
Total current financial liabilities	**42,134**	**36,195**	**5,939**

Financial liabilities included, in particular:

- the loan entered into on 29 March 2011 (described below), was measured at its aggregate amortized cost of Euro 368,846 thousand, based on its nominal amount of Euro 377,850 thousand, and stated net of directly related charges. Those related charges included the professional fees connected with the completion of the loan, and the tax charges payable upon the loan's its assumption, which amounted to Euro 23,510 thousand, of which the part charged to the income statement in the first three months 2013 was Euro 880 thousand.
- financial liabilities for finance lease contracts, in aggregate Euro 12,296 thousand, essentially regarded the remaining liabilities under contracts for the purchase of a building in Porcari, Lucca, and of technologies for use in bet acceptance points, as described in more detail in Note 14, "Tangible assets".
- the residual liabilities to bet acceptance points (PAS), of Euro 156 thousand, deriving from purchases of business divisions, concessions (vendor loans), and the final instalment of deferred payments which fell due in June 2013.
- the recognition, at fair value as at 31 March 2013, of two interest rate hedging agreements for a notional amount of Euro 300 million made in August 2011 with two leading financial institutions, which came into effect on 31 December 2011 and expire on 31 December 2015, as described in greater detail in Note 34. The execution of interest rate hedging contracts was anticipated under the terms of the loan taken out in March 2011, in relation to a part thereof.

The non-current financial liabilities include a nominal amount of Euro 70.000 thousand maturing more than five years out.

Following agreements reached on 8 March 2011 between the Company, Unicredit S.p.A., Banca IMI S.p.A. and Deutsche Bank S.p.A., the Company entered into a medium- to long-term facility agreement comprising a number of different credit facilities, with an initial aggregate amount of Euro 490 million. The transaction was subject to the completion of the acquisition by Global Games S.p.A. of a majority shareholding in SNAI S.p.A. that was previously owned by SNAI Servizi S.p.A..

The facility as of 31 March 2013 amounts to Euro 430 million since the acquisition facility credit line in the amount of 60 million which brought the total amount of the facilities granted to Euro 490 million was cancelled in November 2012, since it had not been used by the established deadline.

The credit facilities under the facility agreement are remunerated at Euribor, defined and determined as provided therein, to which is added a spread that is generally between 4.50 percent and 5.25 percent, p.a., and which may be subject to adjustments through the Margin Ratchet.

The facilities are summarized in the following table:

figures in thousands of Euro

Facility	Amount of loan	Term	Interest period	Maturity	Repayment modalities	Drawdowns/Repayments	
						Date	Amount
Facility A	115,000	6 years from the xecution date of the agreement	3 months	29/03/2017	Amortizing (12 rate semestrali a partire dal 31 dicembre 2011)	29/03/2011	115,000
						31/12/2011	(1,150)
						29/06/2012	(1,150)
						28/12/2012	(4,600)
							108,100
Facility B	135,000	7 years from the execution date of the agreement	3 months	29/03/2018	Bullet	29/03/2011	135,000
Capex facility	80,000	7 years from the execution date of the agreement	3 months	29/03/2018	Amortizing (9 rate semestrali a partire dal 30 giugno 2014)	29/03/2011	11,750
						28/04/2011	23,000
						29/03/2012	3,000
						21/08/2012	9,000
							46,750
Disposal facility	70,000	7 years and 6 months from the execution date of the agreement (extension made in September 2012)	6 months	28/09/2018	Bullet	29/03/2011	70,000
Revolving facility	30,000	6 years from the execution date of the agrement	1, 3 oro 6 months	29/03/2017	Each loan must be repaid on the last day of the Interest Period. During the availability period, the amounts repaid may be reused.	09/11/2012	9,000
						18/01/2013	9,000
							18,000
Total	**430,000**			**Drawdowns and repayments as of**		**31/03/2013**	**377,850**

The facility agreement's terms require, *inter alia*, compliance with the Financial Covenants specified therein, on dates from 31 December 2011. The Financial Covenants regard, *inter alia*, EBITDA, net debt, and investments. The calculations made with respect to compliance with the covenants as at 31 March 2013 did not indicate any contravention of their terms. For further details, please see Note 38.1, below.

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

SNAI is party to proceedings in the civil and administrative courts, and other legal actions, connected with its ordinary course of business. On the basis of the information currently available, and taking into consideration the existing provisions for risks, SNAI considers that those proceedings and actions will not result in material adverse effects upon the consolidated financial statements. The following table sets forth a summary of the most significant proceedings. Except as indicated otherwise, no provision has been made in relation to the disputes described below where SNAI considers an unfavourable outcome in the proceedings to be merely possible, not probable, or where such a provision's amount cannot be reliably estimated.

As at 31 March 2013, the provisions risks and charges amounted to Euro 24,916 thousand. Details of the amounts, and changes thereto, are set forth in the following table.

thousands of euro	Technological renovation	Tax litigation, civil litigation and contractual risks	Total
Balance at 31 December 2012	**2,716**	**22,420**	**25,136**
Provisions made during the period	67	278	345
Net uses during the period	0	(565)	(565)
Balance at 31 march 2013	**2,783**	**22,133**	**24,916**

Technological Renewals
The provisions for technological renewals comprised:
- Euro 2,603 thousand of periodical provisions made for technological updates, as provided by article 19 of the Description of Duties under the concession for the activation and operation of the network for the remote management of gambling through entertainment and fun devices, and operations and functions associated therewith, from the date on which the concession began. The contractual provisions provide that in each financial year, the provisions are increased by Euro 10 for every approval that is issued and active at the end of the financial year; and
- Euro 180 thousand, based upon an estimate of costs to be incurred in technological updates to gaming terminals.

Tax disputes, civil disputes and contractual risks
The provisions for risks related to tax disputes, civil disputes and contractual risks includes the aggregate estimate required to address risks in the resolution of disputes with third parties, including any regarding taxes, duties and social security, of Euro 22,133 thousand.

The provisions allocated for the period of Euro 278 thousand are related to lawsuits pending with employees and former employees.

The amount use for the period, of Euro 565 thousand concerns, with regard to Euro 348 thousand, settlements with employees and collaborators and, with regard to Euro 191 thousand, PREU for 2012.

Disputes related to the entertainment device business: allegations from the Court of Auditors and AAMS of breaches in the management of the remote network

In its capacity as concession holder for the management of the remote network for entertainment devices, in June 2007 SNAI received an invitation from the Regional Prosecution Service of the Lazio Court of Auditors, that it submit arguments regarding an investigation into a supposed loss of tax revenues resulting from only some of the machines being correctly connected to the national network that AAMS uses in calculating PREU. The supposed loss of tax revenues amounted to Euro 4.8 billion, all of which comprised penalties for the alleged breach by the concession holder of the service levels for which the concession provided.

Also in June 2007, AAMS issued contractual penalty notices in the amount of Euro 20 million, against SNAI.
Along with other concession holders, SNAI took the matter before the Supreme Court, claiming the Court of Auditors had no jurisdiction over the matter.
The company also applied to the Regional Administrative Court against the AAMS decisions.
At a hearing of 4 December 2008, the Lazio Court of Auditors' Jurisdictional Section ordered suspension of the proceedings pending the ruling by the Supreme Court.
The Supreme Court, sitting as a Unified Bench, ruled that a claim for a loss of tax revenues could be brought under the same action as a claim for contractual liability (a matter for AAMS and the administrative courts), but the decision did nothing to diminish the ambiguity of the original claim for a loss of tax revenues, which in our legal advisors' view means the claim before the Court of Auditors is now void, based on recent changes in secondary legislation.

It should be added that the loss claimed is highly doubtful, as it cannot be shown to be related to the concession holders' conduct.

In any event, the Court of Auditors' proceedings restarted following the decision by the Supreme Court, and on 24 March 2010 the Company was served a statement of claim by the regional prosecution service of the Court of Auditors, which provided for a hearing on 11 October 2010. The hearing ended after a few hours of argument with the prosecution, with all of the proceedings withheld for judgment. SNAI's counsel presented comprehensive arguments against all of the allegations, and the Court of Auditors withheld the proceedings for judgment.
The decision reached by the Court of Auditors at that time was for the preparation of expert evidence by DIGIT-PA, with bilateral participation on the part of the parties and the prosecutors, and assigning the deadline of 11 August 2011 for the filing of preparatory documents, which deadline was subsequently extended to the end of

September. DIGIT-PA filed its expert evidence on 30 September 2011. The Company filed its own expert evidence on 27 October 2011.
At a hearing of 24 November 2011, submissions were made by counsel for both the concession holders and AAMS executives, in response to those by the prosecution, who – the defendants learned only at the beginning of the hearing, and only because one of the judges mentioned the fact – had filed additional documentary evidence on 22 March 2011. There followed a request by counsel for the concession holders for a delay in order that they may consider the newly-discovered evidence, given that it had remained concealed, given the repeated declarations that no more evidence would be produced by the prosecution service. The President of the Court was unwavering in opposition to an adjournment, and oral submissions were made with a note that it was not accepted that the defendants had had the opportunity to respond to the evidence. SNAI's counsel argued that the defendants could not be found guilty, because such a verdict would necessarily be defective if it were based upon evidence entered by the prosecution on 22 March 2011. Aside from this incident, the defendants' counsel were fully able to argue in support of the other defenses, both regarding the fairness of the hearing (inadequate, in SNAI's view, as the prosecution had merely notified SOGEI and brought no specific claim against it), and the other inadequacies in the prosecution's arguments.
On the substance of the claim, SNAI argued that there had been no inadequacy in the service, that no sanctions could be imposed other than the contractual penalties for which the Council of State had jurisdiction (and which had repeatedly found such penalties not to be justified), and finally, that there were no grounds for asserting gross negligence.
Upon the arguments' conclusion, the Court considered its decision.
Under Judgment No. 214/2012, published on 17 February 2012, it found against all of the concession holders involved. SNAI was ordered to pay an amount of Euro 210 million (including currency adjustments), and court interest from the date of the order, by way of compensation for the alleged loss of tax revenues consequent to the Company's alleged breach of the service levels required under the concession.
On 11 May 2012, SNAI appealed Judgment No. 214/2012 on a variety of different grounds. Such an appeal in any event means the judgment's enforceability is suspended.
In light of the considerations made and the legal advice received, the Directors take the view that the risk that the Company lose the appeal may be considered not more than possible, and in any case for amounts that are very likely to be much reduced relative to those set out in the judgment.
On this basis, no provisions have been made other than the amount estimated by way of legal costs.
An unsuccessful outcome to the appeal, and a failure to reduce the amount of the sanction, would have an effect upon the Group's ability to continue as a going concern.

The parallel action brought by SNAI and other concession holders in order to establish that the statement of claim is void, because of conflict with article 17, paragraph 30-ter, of Law Decree 78/2009, is currently pending upon appeal.

With reference to the decisions by AAMS, the Regional Administrative Court has already ruled on the contractual penalties imposed by AAMS in June 2007, first suspending their application, and then ordering their cancellation by Judgment No. 2728 of 1 April 2008, now *res judicata*. In relation to a first group of three allegations – regarding an alleged delay in start-up, activation, and operation of the network – AAMS again sought to impose the penalties, under notices with references 33992/Giochi/UD of 2 September 2008, 38109/Giochi/UD of 1 October 2008, and 40216/Giochi/UD of 16 October 2008, an aggregate amount of over Euro 2 million against SNAI, which has challenged these decisions before the Regional Administrative Court in Lazio.

Judgment No. 12245/2009, issued by the Regional Administrative Court in Lazio, which dismissed that second appeal, in a similar manner to the appeals from the other nine concession holders, was appealed by SNAI. The appeal hearing was held on 20 May 2012, and by its Judgment 2192/2012 of 16 April 2012, the Council of State upheld the appeal, and voided the notices under which the first three penalties were issued.
On 23 June 2012, the Company was served notice that SOGEI S.p.A. was bringing a third-party appeal of Judgment No. 2192/2012. SNAI intends to give notice of appearance in the proceedings within an appropriate period, which it will determine as soon as a hearing date is fixed.

By a notice, ref. 2011/6303/Giochi/ADI of 22 February 2011, AAMS formally restarted the procedure for the application of the fourth penalty, related to the alleged breach of the Gateway's service level in the period from July 2005 to March 2008, when an additional agreement abolished its future provision.

Based upon the information and criteria compiled by the Technical Commission, and in compliance with the annual maximum introduced by the most recent contractual changes, AAMS imposed the penalty upon SNAI in an amount of Euro 8,480,745 (reduced to Euro 7,463,991.85 to comply with the ceiling for the year 2005, should the Council of State uphold the first three penalties).
After gaining partial access to the computer data obtained to SOGEI S.p.A., SNAI set out detailed arguments in writing on 8 June 2011, both procedural and substantive, regarding the reliability and accuracy of the allegations, and reserved its rights to investigate further once it had had complete access.

On 28 September 2011, it gained further access, with respect to information on interrogation of the devices via the access gateway.
The information obtained was the subject of an expert report by Prof Listanti, which formed the basis for the preparation of supplementary pleadings, filed with AAMS on 27 October 2011.

By a notice, No. 2012/7455/Giochi/ADI, of 17 February 2012, received on 27 February 2012, AAMS imposed a penalty upon SNAI under article 27.3(b) of the concession agreement, and section 2 of Appendix 3, in an aggregate amount of Euro 8,408,513.86.
On 27 April 2012, SNAI notified that it would be challenging the AAMS notice in the administrative courts, seeking its cancellation and, in the interim, its suspension.
On 24 May 2012, the Second Section of the Regional Administrative Court of Lazio suspended the decision applying the fourth penalty, fixing a hearing date on the substantive issues of 20 February 2013.
On 20 February 2013, the hearing was held, and the court adjourned.

Based upon the above, and the advice of its legal advisors, the Group considers the provisions for risks that it has made, of Euro 2.2 million, appropriate to covering liabilities related to claims from AAMS that could arise from current and future legal proceedings.

Disputes related to the entertainment device business: provisions for PREU risks

The Company has received a number of notices from AAMS alleging breaches in terms of failure to make payment of PREU for the years of network operation, from 2004 to 2009. The following paragraphs set out the most recent developments, organized on a chronological basis, by the year in which each complaint was raised.

On 8 January 2009, AAMS – the Regional Office for Tuscany and Umbria, Florence, notified SNAI of the findings it had obtained from automatic controls of payment of the Unified State Tax (*PREU*) in relation to 2004 and 2005, which had showed errors and deficiencies, which were promptly notified on 6 February 2009. AAMS wrote on 25 June 2009 that as a result of its observations, the errors and deficiencies identified had been taken into consideration. A further review by AAMS resulted in a further notice, dated 25 June 2009, claiming PREU of Euro 729 thousand, interest of Euro 451 thousand, and ordinary sanctions of Euro 11,780 thousand, which, reduced to one-sixth, would amount to Euro 1,963 thousand. 2
On 29 July 2009, application was made for payment by instalments, in the manner indicated by the notice, and AAMS accepted that application on 30 July 2009. On the same day, the Company duly made payment of the first instalment. At the same time, on 30 July 2009 an appeal was filed before the Regional Administrative Court in Lazio against the notice. A similar mechanism was applied for the PREU for 2006, in relation to which AAMS demanded tax in the amount of Euro 243 thousand, interest of Euro 151 thousand, and reduced sanctions in the amount of Euro 556 thousand, in relation to which payment by instalments over a number of years has been agreed. On the basis of legal advice specific thereto, the Company considers that there are reasonable grounds for considering that the appeal contesting the notice will be successful, which would mean, in particular, the removal of the claims applying interest and fines, to which the Company has prudentially agreed, with the benefit of deferred payment.
Consequent to the above, the Company has placed the tax requested for the years 2004-2006 among its other liabilities, and made a suitable provision to its provisions for risks to meet any liabilities related to any sanctions that may result from the on-going legal disputes.
On 30 December 2009, AAMS indicated a sum that SNAI could pay by way of "amicable" settlement of the PREU due for 2007. The amount requested was approximately Euro 2.8 million by way of PREU, and Euro 300 thousand by way of sanctions and interest. On 2 February 2010, SNAI responded, offering substantive arguments, in particular with respect to AAMS's calculations. The Company pointed out errors and inadequacies in the observations set forth in AAMS's notice, and quantified the amounts due as, for PREU, Euro 646 thousand, and overall, Euro 765 thousand, by way of PREU, interest and sanctions. That amount was admitted for payment in 20 quarterly instalments, with the first on 2 August 2010 and the last on 1 June 2015. The amount thus payable was recognized among liabilities, to which please refer for further details; and the provisions were used in the same amount.

On 16 December 2010, AAMS indicated a further sum that SNAI could pay by way of "amicable" settlement in relation to 2008, which amounted to Euro 127 thousand by way of PREU, and Euro 149 thousand by way of sanctions and interest. The Company has made observations and comments in relation thereto. On 30 June 2011, SNAI received the definitive demand for PREU 2008, which amounted to Euro 183 thousand in total (Euro 45 thousand by way of PREU, Euro 105 thousand of sanctions, and Euro 33 thousand of interest). On 22 July 2011, SNAI made payment of the whole of that amount.
On 5 January 2012, AAMS indicated another amicable settlement for 2009 PREU, which amounted to Euro 64,137.09 by way of PREU, Euro 20,486.38 by way of interest, and Euro 339,222.69 by way of sanctions, to which SNAI responded on 2 February 2012. On 25 June 2012, SNAI received the definitive demand in relation to 2009 PREU, in the amount of Euro 137,907.91 (Euro 25,394.40 of PREU, Euro 5,227.96 of interest, and Euro 107,285.55 of sanctions). That amount, which had previously been set aside in the provisions for risks as at 31 December 2011, was reclassified in 2012 among the liabilities, following an agreement on payment by instalments.

On 2 January 2013, AAMS made another offer of amicable settlement for 2010 PREU, with, on the one hand, a credit for SNAI by way of overpayment of PREU of Euro 21,947.21, and on the other, reduced sanctions of Euro 2,933,107.07 and interest of Euro 478,809.97 for delay in payment.
On 31 January 2013, SNAI made its submissions with a view to obtaining revision of the calculations set out in that notice.
The Directors have made an appropriate provision for risks in the accounts for the year ended 31 December 2012 to cover those liabilities.

Disputes related to the entertainment device business: proceedings "for rendering of account" initiated by the Substitute i Prosecutor before the Court of Auditors and consequent judgment

In April 2010, the regional prosecution service at the Court of Auditors notified SNAI and other gaming concession holders of a claim under article 46 of Royal Decree No. 1214/1934, and an application under article 41 of Royal Decree No. 1038/1933, imposing an account, on the basis of an alleged failure to present a "court account" in relation to the cash flows from the management of gaming activities, as network concession holder.

By a decree of the President of the Lazio regional section of the Court of Auditors, a further application was made for an account to be rendered, establishing a deadline. Under a statement of defense, SNAI contested its treatment, as it did not handle public money as it was an entity liable for PREU. On 27 April 2010, the regional prosecution service issued a notice against SNAI for its failure to render an account. At a hearing of 7 October 2010 on the sanction sought by the prosecution service for alleged delay in producing an account, the Court heard arguments from the prosecution and the defense, by SNAI and other concession holders that were similarly involved in the proceedings.
Counsel gave detailed arguments as to the substantial lack of grounds for the prosecution's demands, and considered that the Court might consider requests for release from liability for delay, given that manner in which accounts were rendered by electronic communication of the material data to Sogei S.p.A., replacing the rules that had governed those who had "handled" public money, which dated back to 1862.

At the hearing of 7 October 2010, by its Judgment No. 2186/2010, the Court of Auditors rejected the prosecution service's application in its entirety, finding that AAMS had been responsible for the absence of the court account within the statutory period. On 11 March 2011, SNAI was served notice of appeal by the prosecution.
It appears, in the view of the Company's legal advisors, that the grounds of the appeal may be reasonably surmounted, and on that basis defense arguments were prepared for a hearing date of 13 March 2013, at which time the matter was deferred to 18 December 2013.
Again, on the basis of the advice from the Company's legal advisors, the risk of losing the dispute may be classified as not probable, and accordingly, the Directors have only made provision for the estimated legal expenses associated with the defense.

In addition to the proceedings on the rendering of accounts, proceedings began in 2012 examining the precision of the account submitted by the rapporteur appointed by the Court's President. At the hearing of 17 January 2013, the rapporteur referred, in support of their report, to an opinion provided to AAMS by the United Sections of the Court of Auditors, regarding the new form of court accounting, and the Court adjourned to 16 may 2013, placing copies of that opinion at the disposal of the parties.
Again, on the basis of the advice from the Company's legal advisors, the risk of losing the dispute may be classified as not probable, and accordingly, the Directors have only made provision for the estimated legal expenses associated with the defense.

<u>Malfunction of the VLT Barcrest platform (16 April 2012)</u>

On 16 April 2012, one of the VLT platforms that the Company used at the time, the Barcrest system, showed an anomalous peak of "jackpot" pay-out requests for tickets that were only superficially winning tickets, of various nominal amounts, both within the regulatory limit of Euro 500,000 and also for some far greater amounts.
Following that episode, SNAI immediately blocked the Barcrest system – also further to an order to that effect issued by AAMS – in order that the necessary checks and inspections could be carried out. The Barcrest system has thus not been operative since that date. Upon completion of the inspections, which also involved independent IT advisors, it emerged that there had not been a single jackpot win generated by the Barcrest system at any time on 16 April 2012.

The event resulted in the following:

- Disputes related to the entertainment device business: allegations from AAMS of breaches in the management of the remote network

On 29 May 2012, AAMS raised two specific measures related to the events of 16 April 2012, the first related to a possible revocation of the certificate of conformity for the SNAI-Barcrest 01 gaming system, and the second to a possible forfeiture of the concession.
By a decision of 21 September 2012, ref. 2012/42503/Giochi/ADI, AAMS revoked the certification of conformity of the SNAI-Barcrest 01 gaming system, which thus prohibited gaming taking place on that system, which SNAI had already blocked as of 16 April 2012. SNAI had already carried out the duties it had consequent thereto under the

regulations and the terms of the concession, for the removal of the Barcrest devices from retail venues.

The procedure related to the possible termination of the concession ended with a decision, ref. 2013/8342/Giochi/ADI, served upon the Company on 22 February 2013, under which AAMS determined that it would not be revoking the concession, and limited itself to the application of certain contractual penalties which amounted in total to approximately Euro 1.5 million.

The Directors have made an appropriate provision for risks in the accounts for the year ended 31 December 2012 to cover those liabilities.

- Disputes brought by customers claiming to hold winning tickets as a result of the malfunction of the VLT Barcrest platform

Following the malfunction of the VLT Barcrest platform which occurred on 16 April 2012, some customers claiming to hold winning tickets brought a variety of proceedings seeking payment of the amounts indicated on the tickets issued by VLT Barcrest during the malfunction, and/or compensation of the losses suffered.
More particularly, in the period to 31 December 2012, 54 sets of proceedings, and two applications for mediation had been brought. Of the 54 sets of proceedings, eight included interim orders that were temporarily enforceable, as follows:

- in two cases, the customers obtained the allocation of approximately Euro 500,000, and in one of these, once SNAI obtained the suspension of the interim order's enforceability, it applied for an attachment over the assets of the customer, in equal amount;
- in another case, the temporary enforceability was suspended with SNAI's payment into court of Euro 500,000;
- in the other five cases, temporary enforceability was suspended pending summary examination of SNAI's substantive case, and in three of those, the enforcement procedure that had been commenced was discontinued;

Subsequently, on 31 December 2012, another 14 sets of proceedings were brought, including one temporarily enforceable interim order, enforceability of which was suspended, upholding SNAI's application.
One claim has in the meantime been extinguished, as the customer ceased to pursue the matter.
SNAI will be defending all of the above proceedings, arguing against the demands for payment in fact and in law, given that as the markets and the relevant regulatory authorities have already been informed, there was no valid jackpot at any time in the course of 16 April 2012. In light of the considerations set out, and the advice of its legal advisors, the Directors consider that the risk of the Company losing should not be considered anything more than possible.

In the course of 2012, SNAI brought a claim against Barcrest and its parent for compensation of all losses consequent to the malfunction of 16 April 2012.

Proceedings for the revocation/expiry of certain Rights awarded upon the conclusion of the Bersani Tender Procedure

The directorate general of AAMS has by a number of different decisions given notice of the revocation of the authorization, and the expiry/termination of rights, for failure to activate and/or unauthorized suspension, of gaming with reference to 107 rights assigned to SNAI further to the "Bersani" tender procedure (and with reference to another three rights, AAMS has given notice that it has begun the proceeding for the revocation of authorization and termination of the right).
The Company promptly brought the matter before the regional administrative court in Lazio.

The issues have not yet been resolved. On the basis of the legal advice obtained, and in light of the uncertain nature of disputes in this area, SNAI considers the risk that it might lose these cases to be possible.

Disputes connected with the betting business: Guaranteed Minimums

SNAI has received a number of notices from AAMS regarding the reduced transaction volumes by some bet acceptance points (PAS) in 2007 and 2008, for which AAMS has requested payments by way of guaranteed minimums. Details of the various notices, divided by year, are set forth below.

By a notice of 29 May 2009, NO. 2009/20716, AAMS demanded payment by SNAI of the guaranteed minimums for 2008, totaling approximately Euro 11.1 million. Through its legal advisors, the Company on 17 September 2009 submitted an application to the regional administrative court in Lazio seeking the suspension and subsequent cancellation of the decisions requiring those payments.

The regional administrative court upheld SNAI's application by its Judgment No. 10860/2009, cancelling AAMS's demands.

A similar procedure was followed in relation to AAMS's demand for 2008, with respect to 204 bet acceptance points (PAS), for an aggregate amount of Euro 7.4 million, in relation to which an interim application was brought

before the same court, with a view to accelerating resolution of the dispute.
Following litigation brought before the same court by a large number of bet acceptance points (PAS) on the guaranteed minimums for 2006 and 2007, the court ruled in its Judgments, Nos. 6521 and 6522 of 7 July 2009, cancelling the payment demands by AAMS as illegitimate, as they had not been preceded by the safeguard measures contemplated by the law for those shops that existed prior to the market being opened up by Law Decree 223/2006 (the Bersani reforms). The regional administrative court also recognized that AAMS was legally obliged to take those measures, which would broadly recast the terms of operation of bet acceptance points (PAS) that were in place prior to the reforms.
On that basis, it may be reasonable to consider that SNAI should have the benefit of a complete recasting of the demands made by AAMS by way of the adoption of such safeguarding measures, in relation to all the bet acceptance points (PAS) it owns.

It should also be observed that, with regard to the question of guaranteed minimums, SNAI had complied with (but not admitted) AAMS's demands in relation to 2006, paying guaranteed minimums amounting to Euro 2.4 million. The amount paid was recognized as amounts receivable from AAMS, as it was considered recoverable; and the Company informed AAMS that it would be seeking to enforce its rights in all appropriate venues, in order that the amounts in question could be reconsidered in light of equity, and the Company's conduct. Recently, upon the application of the Company and other concession holders, the regional administrative court of Lazio has revoked AAMS's demands and required that it carry out the "safeguarding" measures, in light of the fact that the Bersani tender procedure, and other subsequent tender procedures, have effectively meant that there are no longer the geographically exclusive rights originally granted under some concessions, following the award of a large number of additional bet acceptance point concessions.

Finally, also on the basis of notices related thereto from AAMS to another concession holder, beginning in April 2011, the credit of Euro 2,429 thousand (resulting from the above payment on 2006 guaranteed minimums by the Company to AAMS in prior years) has been offset against current liabilities, being the fortnightly former ASSI amounts.

On 12 January 2012, AAMS was served with 226 demands for payment of guaranteed amounts for the years 2006-2010, plus an additional two demands addressed to the former Agenzia Ippica Monteverde S.r.l. The overall amount was Euro 25,000 thousand, and was stated expressly as having been taken with respect to the safeguarding measures contemplated by article 38, fourth paragraph, of Law Decree 223/2006, which had previously not been in place; but these were stated to reflect the impossibility of any calculation other than repeatedly struck down by the regional administrative court in Lazio, with some judgments now res judicata. SNAI submitted applications to the regional administrative court seeking suspension and cancellation of the decisions. The hearing on the interim application was set for 21 March 2012.
By a ruling, No. 1036/2012, of 22 March 2012, the second section of the regional administrative court in Lazio, while acknowledging the steps taken to resolve the longstanding question of the safeguarding measures, suspended the new notices' effectiveness, pending a hearing on the substantive issues on 5 December 2012.

On 20 June 2012, AAMS served SNAI with 226 demands, and the former Agenzia Ippica Monteverde S.r.l., for payments of additional sums by way of guaranteed minimums for 2006-2011 totaling Euro 24.9 million.
Compared with the previous round of demands, these showed: negatively, additional amounts due for 2011 that AAMS had not previously requested, and positively, a reduction of 5 percent of the amount further to article 10.5(b) of Law Decree 16 of 2 March 2012, converted into Law No. 44 of 26 April 2012.
That clause had provided, in relation to the "amounts for collection pursuant to article 12 of the Presidential Decree No. 169 of 8 April 1998, as amended (the 'guaranteed minimums'), the equitable settlement of a reduction of not more than 5 per cent of the sums still payable by the concession holders, pursuant to that Presidential Decree, with the identification of the manner of such sums' payment, and adjustment of the guarantees".
On 20 July 2012, an application was made to the regional administrative court for Lazio for the interim suspension and subsequent cancellation of those payment demands.
Following a hearing in chambers on 12 September 2012, the court's second section ruled that the notices formed simple offers of settlement, and did not take effect as further demands, where they were not accepted by the concession holder. That interpretation of the notices and the legislation on the one hand left the Company open to defend any attempt to collect that AAMS might pursue; and on the other, confirmed the suspension of the similar documents that AAMS had issued on 30 December 2011, which had already been suspended on an interim basis by the same court, in Judgment No. 1036/2012.
Additional grounds have also been proposed for the further demand of guaranteed minimums in connection with bet acceptance point No. 426, which was very similar to those previously contested, but which was served by AAMS only on 7 August 2012.
At the hearing scheduled for 5 December 2012, in conjunction with that already fixed in connection with the previous notices, the court adjourned to consider its decision.
By Judgment No. 1054, filed on 30 January 2013, the court's second section upheld SNAI's objections as to a lack of constitutionality with reference to the provisions of Law Decree No. 16/2012, ordered suspension of the proceedings, and ordering that the matter be passed to the Constitutional Court. At the same time, it declared that original proceedings, related to the initial notices of January 2012, could not be pursued, due to lack of interest in the lawsuit.

For the whole duration of the proceedings in the constitutional courts, the suspension preventing AAMS from enforcing the decisions will continue to operate, to SNAI's benefit.
The Group, supported by the advice of its legal advisors, considers that the risk of losing in relation to the requests that have been brought by AAMS only to be possible, and consequently has made no provision for risk.

Penalties for exceeding the AWP quotas

Following the request made by AAMS on 22 June 2012, regarding the information related to the location of AWPs where it has been alleged that the quota rules in place at the time have been exceeded as a result of the common presence of machines from different concession holders in January to August 2011, SNAI requested correction of the anomalies on 31 January 2013, and took steps to cancel the payment demand from AAMS. Further thereto, an amount of Euro 1.47 million has been set aside to cover the entirety of the risk represented thereby.

Other Disputes

SNAI and Omniludo S.r.l.

- Claim No. 4194/2007. Omniludo S.r.l. sued the Company alleging breach of its obligations under the contract of 29 June 2005, for the operation, maintenance and assistance by Omniludo S.r.l. of slot machines (the "2005 Contract"), seeking
  a finding from the court that SNAI was liable for breach of its contractual obligations, in particular the right to commercial exclusivity, under clauses 3 and 4 of the 2005 Contract; an order that SNAI pay compensation in an aggregate amount of Euro 100 million, or such other amount as may be established in the course of the proceedings.
  A further hearing was set for 10 December 2010, which was further adjourned until 17 June 2011. Having set out its arguments, SNAI applied to have the action joined with another brought by the same company, pending in the courts of Lucca, before Judge Giunti (ref. 4810/2010). The Court adjourned to consider the matter.
  By a ruling of 10 February 2012, the court ordered that the case be passed to the President of the section, in order that it might be joined with the aforementioned proceedings, or reassigned to Mr Capozzi, who had presided over the proceedings.
  By a ruling of 12 March 2012, the President of the court ordered that Case 4194/2007 be called together with Case 4810/2010, at a hearing of 11 December 2013, before Judge Frizilio, with a view to their possible consolidation.

  SNAI, supported by the opinion of its legal advisor, considers that the risk of losing the case is not probable.

- Case 4810/2010. By a claim served on 16 November 2010, SNAI sued Omniludo S.r.l. in the Court of Lucca, based upon the grievous breaches of the obligations the latter had assumed under the 2005 Contract, seeking the following remedies:

  1) that the court find and declare that Omniludo had breached its duties under that agreement;
  2) that the court find and declare the termination of the 2005 Contract, given the serious breaches that Omniludo S.r.l. had committed of its contractual and other obligations;
  3) order the defendant to pay compensation prudentially estimated at Euro 40 million, or as equity may require, with the amount indicated in the pleadings pursuant to article 183, sixth para., both by way of loss of profit, and the damage to reputation and goodwill.

At a similar time, SNAI submitted an application pursuant to article 163-bis of the Code of Civil Procedure, with a view to shortening the summons periods, which was upheld by order of the President of the Court of Lucca, dated 5 November 2010, which set a hearing date of 7 January 2011. The case was adjourned to 2 February 2011, when it was again adjourned for preparation of evidence to 18 May 2011, pursuant to article 183, sixth para., of the Code of Civil Procedure. The proceedings were further adjourned to 23 November 2011.
At that hearing, the court said it would consider its decision on the preliminary matters. By a ruling of 7 March 2012, the court said it considered that a final decision could be reached, and set a date for such a hearing of 11 December 2013.

By a ruling of 12 March 2012, the President of the court ordered that Case 4194/2007 be called together with Case 4810/2010, at a hearing of 11 December 2013, before Judge Frizilio, with a view to their possible consolidation.
On 3 April 2012, OMNILUDO has filed an application for the revocation of the court's ruling of 12 March 2012, and for the hearing date to be brought forward from 11 December 2013.
A decision is awaited.
By an order of 23 April 2012, the President of the Court of Lucca ordered the parties to a hearing of 8 June 2012, at which the judge retired to consider whether the date should be brought forward.
On 26 June 2012, the President of the Court ordered that since there were grounds for the cases' consolidation, both matters should be passed to Judge Frizilio for a hearing date and judgment.
With an order by Ms Frizilio of 2 August 2012, Cases 4194/2007 and 4810/2010 were called to a hearing of 11 December 2013.

Stefano Tesi and SNAI

Under an application pursuant to article 702 of the Code of Civil Procedure, served upon SNAI on 19 October 2011, Mr Stefano Tesi sued SNAI for an amount of Euro 13,476,106.10 (or such other amount as may be deemed just), and costs, on the basis that the defendant had not yet made payment of the "extraordinary" sum he had won on a SNAI video lottery terminal.

SNAI gave notice of appearance, opposing the claims in fact and in law, as by law a VLT could not dispense winnings of more than Euro 500,000, and joining the manufacturer, as the event in question was likely a consequence of a defect in the machine. Following an application for a deferment made by SNAI, in order that it might serve the joinder (upon BARCREST Group Limited, of the UK), the court in Lucca adjourned the proceedings to 3 July 2012. At that hearing, at which BARCREST Group appeared, the court retired to consider its decision. The court then ordered the proceedings to be changed to ordinary proceedings, with a hearing date of 9 October 2012, pursuant to article 183 of the Code of Civil Procedure. At that hearing the case was adjourned to 12 March 2013, for the admission of preliminary requests.

At the hearing of 12 March 2013, certain matters as to evidence were admitted from SNAI, but not those submitted by Tesi. The case was adjourned to 28 May 2013.
SNAI, with the support of the advice from its legal advisors, considers the risk of losing the case as possible, with reference not to the sum sought by the claimant, but up to the maximum amount of a Jackpot win, which is to say, Euro 500,000.

That is in light also of the joinder of the manufacturer Barcrest Ltd, as guarantor for any payment that SNAI might be obliged to make pursuant to Tesi's claim.

Ainvest Private Equity S.r.l. and SNAI

By a claim served on 14 March 2012, Ainvest Private Equity S.r.l. sued SNAI in the Court of Lucca, seeking an order that SNAI pay alleged success fees linked to the Company's securing of certain bank loans, in an amount of approximately Euro 4 million. SNAI duly gave notice of appearance, and submitted a defense, arguing that the claimant's case was unfounded. After a hearing of 15 February 2013, the court ordered the translation of foreign-language documents that Ainvest had filed. The case is currently pending assignment to another judge.

With the support of the advice of the Company's legal advisors, the Directors have assessed the chance of losing the case as more than possible.

Contingent assets: the receivable from the di Majo award

At the end of the 1990's, a dispute arose between various bet acceptance points and the Finance and Agriculture Ministries, regarding supposed delays and breaches by those Ministries.
The matter resulted in the issuance in 2003 of what became known as the "di Majo award", under which an arbitral tribunal chair by Prof Di Majo, called to resolve the dispute, found that the Ministries were liable and ordered them to compensate the concession holders.

The compensation assigned to SNAI for the period to 30 June 2006 was Euro 2.3 million.
The compensation for subsequent years has yet to be determined in its entirety.
The Ministries concerned appealed the decision in the Court of Appeal in Rome.
At a hearing of 14 December 2012, the matter was reserved for judgment.

In addition, on 22 June 2010, the trade association Assosnai sent AAMS a proposal for a settlement of the dispute, under which the concession holders' claims against the Ministries would be offset against their liabilities towards AAMS (with an express waiver of the interest accrued on the claims, currency adjustments, and such enforcement actions as had been commenced), and the Ministries would abandon the proceedings before the Court of Appeal in Rome.
AAMS formally raised the question with the Attorney General's office, and informed Assosnai that the Office had confirmed that such a settlement would be admissible.

The settlement still remains unresolved.
Nonetheless, by a decree issued by AAMS, the offsetting of the claims from the di Majo award has been authorized, and SNAI has accordingly offset an amount of Euro 8,222,946.28.

In the event that the settlement is not completed, and the Court of Appeal rules the di Majo award void, that setoff would have been made with a non-existent claim, which would mean the return of the liability thus offset. Accordingly, the liability has continued to be recognized (see Note 29), and the revenue related to the claim does not yet appear in the financial statements.

Allegations on 2006 PREU by AAMS Regional Offices

This matters regards 41 notices from AAMS regional offices, which set out counter readings for entertainment devices, pursuant to article 110, sixth para., of the Consolidated Public Safety Legislation, in which there are calculated differences compared with the payments made by the concession holder in relation to each individual machine.

The aggregate amount sought by way of sanctions and PREU amounted to Euro 786,876.85 (Euro 193,427.76 by way of sanctions, and Euro 593,449.09 by way of PREU), and interest.

SNAI has appealed these findings to the Provincial Tax Commission, seeking, as a preliminary matter, suspension of the assessment's enforceability.

With reference to the procedures further thereto:

- in relation to four notices of assessment, AAMS has issued a decision for their cancellation (and setting aside)
- in relation to 18 procedures, the main hearing date has yet to be fixed
- in relation to 18 procedures, a judgment has been issued upholding the applications filed by SNAI, of which three have found there is no longer a case to answer
- in relation to one procedure, a judgment has been issued dismissing SNAI's application (which SNAI intends to appeal, as it is still in time).

Against 15 judgments, AAMS has appealed to the relevant regional tax commission.

SNAI has filed responses to the appeals.

With the support of the advice of the Company's legal advisors, the Directors have assessed the chance of losing the cases as possible.

Allegations on 2007 PREU by AAMS Regional Offices

This matter regards 12 notices from AAMS regional offices, which set out counter readings for entertainment devices, pursuant to article 110, sixth para., of the Consolidated Public Safety Legislation, in which there are calculated differences compared with the payments made by the concession holder in relation to each individual machine.

The aggregate amount sought by way of sanctions and PREU amounted to Euro 82,101.58 (Euro 49,683.24 by way of sanctions, and Euro 32,418.34 by way of PREU), and interest.

SNAI has appealed these findings to the Provincial Tax Commission.

With reference to the procedures further thereto:

- in relation to one notice of assessment, AAMS has issued a decision for its cancellation (and setting aside)
- in relation to two procedures, a judgment has been issued upholding the applications filed by SNAI
- in relation to nine procedures, a hearing date is awaited on the suspension and on the substantive case.

With the support of the advice of the Company's legal advisors, the Directors have assessed the chance of losing the cases as possible.

Quotes on 2 October 2012

As a result of an anomaly that occurred on 2 October 2012, offers were made and quoted, with evidently incorrect quotes, for a few minutes. They related to sporting events, and in particular bets classified as Under/Over 5.5 and Under/Over, second half, 0.5.

Some customers took advantage of that error, having realized the anomaly, and placed a series of simple and system bets, both in person and through the portal www.snai.it.

SNAI promptly informed AAMS of what had happened prior to the event.

Some players have begun proceedings to obtain payment of their winnings.

SNAI is preparing its defense arguments, in light also of the case-law precedents that favour concession holders that have published quotes with manifest errors, and it will appear in the proceedings by the applicable legal deadlines.

In three cases, the players filed a complaint with the Commission for the transparency of gaming at the AAMS, requesting payment of the winnings. By decisions no. 4/2013, no. 5/2013 and no. 6/2013 published on 29 April 13, the Commission granted the claims.

SNAI is now evaluating, upon gaining access to the documents, the type of action to be taken against such decisions, also in consideration of the fact that the principle calling for bilateral discussions between the parties was not fully honored.

29. Miscellaneous payables and other liabilities

Miscellaneous payables and other non-current liabilities were as set forth in the following table:

thousands of euros	31.03.2013	31.12.2012	Change
Various debts and other non-current liabilities			
Tax payables			
- Formal Notice of Assessment [PVC] instalments	1,140	1,429	(289)
	1,140	**1,429**	**(289)**
Other payables			
-for previous years PREU instalments	393	509	(116)
- for security deposit liabilities	12	13	(1)
	405	**522**	**(117)**
Total Payables and other non-current liabilities	**1,545**	**1,951**	**(406)**

The other current liabilities were as set forth in the following table:

thousands of euros	31.03.2013	31.12.2012	Change
Other current liabilities			
Tax payables			
- income taxes	2,807	1,038	1,769
- VAT	739	716	23
- Unified Tax	12,575	5,222	7,353
- Formal Notice of Assessment [PVC] instalments	2,489	3,119	(630)
- other Payables	707	1,777	(1,070=
	19,317	**11,872**	**(7,445)**
Payables to Social Security Institutions			
- Insurance Agencies	2,066	2,156	(90)
	2,066	**2,156**	**(90)**
Other payables			
- to AAMS for PREU settlement	11,623	16,252	(4,629)
- to AAMS for ADI Security deposits	1,329	2,705	(1,376)
- for previous years PREU instalments	508	499	9
- to winners and jackpot VLT reserve	8,660	7,401	1,259
- to AAMS for the concession fee	797	1,622	(825)
- verso giocatori per scommesse antepost	3,061	2,484	577
- to players for winnings and refunds Bets/IPN/CPS	3,200	2,281	919
- to Assi (former U.N.I.R.E.) to fortnightly settlements	1,313	1,511	(198)
- to AAMS for tickets required	236	339	(103)
- to AAMS to Forecast conc. National and horseracing and betting	3,503	4,649	(1,146)
- to balances on play cards SNAI card	5,185	5,428	(243)
- to players of Remote Gaming (Skill/Casino/Bingo)	177	182	(5)
- for management of Remote Gaming (Skill/Casino/Bingo)	0	0	0
- for transfer of Di Majo Award credit	5,504	10,837	(5,333)
- for compensation Lodo Di Maio	13,760	8,795	4965
- for non-compete pact	0	503	(503)
- to employees and collaborators	3,461	2,871	590
- to directors	596	617	(21)
- to auditors	82	189	(107)
- for security deposits	2,375	2,395	(20)
- to others	1,502	1,174	328
	66,872	**72,734**	**(5,862)**

Accruals and deferred income			
- accruals	841	113	728
- deferred income	1,095	1,026	69
	1,936	**1,139**	**797**
Total other current liabilities	**90,191**	**87,901**	**2,290**

The PVC debt structured in installments in the total amount of Euro 3,629 thousand relates to *the settlements of the assessments following the Formal Notice of Findings (Processo Verbale di Constatazione* – PVC) served on December 2009 and November 2011, of which Euro 1,140 thousand fall due after12 months and Euro 2,489 thousand fall due within 12 months. The amount includes the amount of the tax, sanctions an interest, as defined in the closing minutes of the above-mentioned verifications with settlement dated, respectively, 14 October 2010 (for years 206-2007-2008), 21 February 2012 (for year 2009) and 5 July 2012 (for year 2010) in which the payment in 12 quarterly installments was also agreed.

The increase in the single taxi s due at the payment date of the single tax on bets, introduced by the "thousand extensions" decree. The deadline for the payment of the single tax on horse race bets and on bets on events other than horse races is set at 20 December of the same year and at 31 January of the following year, with reference to the single tax due for the period from September to November and for the month of December, as well as 31 August and 30 November with reference to the single tax due, respectively, for the periods from January to April and from May to August of the same year.

Liabilities towards third parties for assignment of di Majo award claims regards the purchase of certain claims from third-party operators and concession holders, for further details of which please refer to Note 20.

The debt owed to AAMS for PREU, totaling Euro 11,623 thousand is calculated on the wagers related to the entertainment devices (ADI).

The item deferred income, of Euro 1,095 thousand, related principally to the part of the grants to the Unire investment fund recognized as grants related to investments.

30. Trade payables

Trade payables were comprised as set forth in the following table.

(in thousands of Euros)	31.03.2013	31.12.2012	Change
Trade payables			
- suppliers	30,953	31,562	(609)
- stables, jockeys and bookies	6,658	8,437	(1,779)
- foreign suppliers	4,520	5,144	(624)
- advances paid to suppliers	(686)	(771)	85
- credit notes to be received	(310)	(391)	81
- payables owed to the affiliate Connext S.r.l.	172	212	(40)
- payables owed to the affiliate Alfea S.p.A.	0	3	(3)
- payables owed to the subsidiary Tivu + S.p.A. in liquid.	43	43	0
Total trade payables	**41,350**	**44,239**	**(2,889)**

31. Overdue payables

As required by CONSOB's notice ref. 10084105 of 13 October 2010, the following table sets forth the Group's payables, grouped by type, with a specific indication of the amounts overdue.

(figures in thousands of Euro)

Current Liabilities	Balance as of 31.03.2013	Of which overdue as of 31.03.2013
Financial debts	42,134	-
Trade payables	41,350	10,882
Tax debts	19,317	-
Debts owed to social security entities	2,066	-
Other debts	66,872	-
	171,739	**10,882**

Trade payables: amounts overdue as of 31 March 2013, in the amount of Euro 10,882 thousand, were incurred in the ordinary course of business vis-à-vis supplies of services and materials; such amounts have, in large part, been paid after 31 March 2013. In certain cases, a new payment date has been formalized. At present, no initiatives have been taken by any supplier in such regard.

32. Financial commitments

The Group, in addition to the data stated in financial liabilities, has contracted financial commitments related to the issuance of bank guarantees for a total amount of Euro 179,881 thousand as of 31 March 2013 (down from Euro 186,440 thousand as of 31 December 2012).

As compared with the figures set forth in the financial statement for period ended 31 December 2012, set forth below are the changes in the financial commitments since such date:

Bank	Beneficiary	Subject matter of the guarantee	Increases/ (Decreases) 31.03.2013 (thousands of Euro)
UNICREDIT	MI.P.A.A.F. (ex ASSI)	For agencies 223 and 465	(283)
UNICREDIT	MI.P.A.A.F. (ex ASSI)	For agency 257	(317)
UNICREDIT	AGENZIA DELLE ENTRATE	To secure debt following assessment with settlement pursuant to Legislative Decree No. 218/1997, PVC delivered on 01/12/2009. The amount of € 7,627,931.81 must be paid in 12 quarterly installments	(641)
BINTER	MI.P.A.A.F. (ex ASSI)	temporary security deposit in the interest of Teleippica for the tender procedure for the contract for broadcasting, processing and dissemination of the audio/video signal from Italian and foreign racetracks	(1,200)
BPM	AAMS	Horse racing concession	(1,704)
MPS	AAMS	Horse racing concession	(2,131)
Miscellaneous (increases lower than Euro 200 thousand)			53
Miscellaneous (decreases lower than Euro 200 thousand)			(336)
Total increases (decreases)			(6,559)

33. Related parties

CONSOB Notice No. 6064293 of 28 July 2006 requires that, in addition to the information required by IAS/IFRS on related parties (under IAS 24), information be provided regarding the impact of transactions or positions with related parties, as classified by IAS 24, have upon the balance sheet, income statement and cash flows.

The following table sets forth those impacts. The impact that transactions have upon the income statement and cash flows of the Company and/or the Group must be analyzed bearing in mind that the principal dealings with related parties are entirely identical to equivalent contracts in place with third parties.

The Group provides services for concession holders of bet acceptance points. Some concession holders and managers of retail premises (bet acceptance points) are held by members of the Company's Board of Directors who resigned on 14 May 2012. Transactions are governed by standard-form contracts, upon market terms entirely identical to those of the third-party concession holders.

SNAI S.p.A. has bank accounts with Banca Popolare di Milano, Intesa San Paolo, and Banca Popolare di Vicenza, which may be considered related parties in that they are companies related to shareholders of SNAI S.p.A. Those transactions were carried out in the Company's interest, form part of its ordinary operations, and are governed by market terms.

The following table sets forth a summary of dealings between the SNAI group and related parties.

Thousands of Euro	**31.03.2013**	**% incidence**	**31.12.2012**	**% incidence**
Trade receivables:				
- owed by companies owned by directors of Snai S.p.A.	98	0.11%	92	0.10%
- owed by Global Games S.p.A.	6	0.01%	6	0.01%
- owed by companies owend by shareholders of Snai S.p.A.	-	0,00%	30	0.03%
	104	**0.12%**	**128**	**0.14%**
Other current assets:				
- from companies owned by directors of Snai S.p.A.	3	0.01%	-	0.00%
- owed by companies owned by shareholders of Snai S.p.A.	2	0.01%	3	0.01%
	5	**0.02%**	**3**	**0.01%**
Total assets	**109**	**0.01%**	**131**	**0.02%**
Trade payables:				
- owed to companies owned by directors of Snai S.p.A.	6	0.01%	-	0.00%
- owed toTivu + S.p.A. in liquidation	43	0.10%	43	0.10%
- owed to Connext S.r.l.	172	0.42%	212	0.48%
- owed to Alfea	-	0.00%	3	0.01%
- owed to companies owned by shareholers of Snai S.p.A.	**221**	**0.53%**	**258**	**0.59%**
Other current liabilities:				
- owed to companies owned by directors Snai S.p.A.	23	0.03%	1	0.00%
- owed to Global Games S.p.A.	4	0.00%	5	0.01%
	27	**0.03%**	**6**	**0.01%**
Total liabilities	**248**	**0.04%**	**264**	**0.04%**

The assets are stated on a net basis, not taking into account the related provisions.

The following table sets forth the amounts in connection with related party relationships:

thousands of Euro	**Q1 2013**	**% incidence**	**Q1 2012**	**% incidence**
Revenues for sales of services and charge-backs:				
- from companies owned by directors of Snai S.p.A.	29	0.02%	102	0.07%
- from companies owned by shareholders of Snai S.p.A.	-	0.00%	15	0.01%
	29	**0.02%**	**118**	**0.08%**
Other revenues				
- from Global Games S.p.A.	1	0.33%	-	0.00%
	1	**0.33%**	**-**	**0.00%**
Earned interest:				
- from companies owned by directors of Snai S.p.A.	-	0.00%	17	5.84%
	-	**0.00%**	**17**	**5.84%**
Total revenues	**30**	**0.02%**	**135**	**0.10%**

Costs for raw materials and consumables used				
- from Connext S.r.l.	3	0.51%		0.00%
	3	**0.51%**	**-**	**0.00%**
Costs for supplies of services and charge-backs:				
- to companies owned by directors of Snai S.p.A.	7	0.01%	5,040	5.09%
- to companies ownd by shareholders of Snai S.p.A.	1	0.00%	210	0.21%
- from Connext S.r.l.	144	0.16%	187	0,.9%
	152	**0.17%**	**5,437**	**5.49%**
Other operating costs:				
- to companies owned by directors of Snai S.p.A.	3	0.03%	-	0.00%
- from Connext S.r.l.	3	0.03%	-	0.00%
	6	**0.06%**	**-**	**0.00%**
Total costs	**161**	**0.16%**	**5,437**	**5.49%**

Revenues for supplies of services and chargebacks and other revenues amount to 0.09% of earnings before interest, taxes, depreciation and amortization in the first quarter of 2013 (down from 0.43% in the first quarter of 2012) while total revenues amount to 0.40% of Earnings (Losses) for the first quarter of 2013 (down from 72.58% in the first quarter 2012).
Costs for raw materials and consumables used, for supplies of services and charge-backs and other operating costs amount to 0.46% of earnings before interest, taxes, depreciation and amortization in the first quarter 2013 (down from 19.99% in the first quarter of 2012), while total costs amount to 2.17% of Earnings (Losses) in the first quarter of 2013 (down from 2,923.12% in the first quarter of 2012).

The following table shows the relationships with related parties of the parent company SNAI S.p.A. as of 31 March 2013, as required under Consob prot. notice no. 10084105 issued on 13 October 2010.

Thousands of euro	31.03.2013	31.12.2012
Commercial receivables:		
- owed by Global Games S.p.A.	6	6
- owed by Società Trenno S.r.l.	669	359
- owed by FestaS.r.l.	17	17
- owed by Immobiliare Valcarenga S.r.l.	4	4
- owed by Teleippica S.r.l.	84	59
- to companies ownd by shareholders of Snai S.p.A.	-	31
Totale commercial receivables	**780**	**476**
Other current assets:		
- to companies owned by directors of Snai S.p.A.	3	-
- owed by Società Trenno S.r.l.	2	6
- owed by FestaS.r.l.	723	709
- owed by Immobiliare Valcarenga S.r.l.	67	62
- owed by Teleippica S.r.l.	1,192	857
- to companies ownd by shareholders of Snai S.p.A.	2	2
Total other current assets	**1,989**	**1,636**
Financial receivables:		
- owed by Società Trenno S.r.l.	6,904	2,821
- owed by Teleippica S.r.l.	2,782	1,113
- owed by SNAI France	8	7
Total financial receivables	**9,694**	**3,941**
Total assets	**12,463**	**6,053**

Commercial debts:		
- owed to Trenno S.r.l.	69	15
- owed to Festa S.r.l.	533	516
- owed to Teleippica S.r.l.	261	254
- owed to Connext S.r.l.	167	212
- owed to Tivu + S.p.A. in liquidation	43	43
- owed to Alfea S.p.A.	-	3
Total current financial debts	**1,073**	**1,043**
Other current liabilities		
- to companies owned by directors of Snai S.p.A.	-	1
- owed by Global Games S.p.A.	4	6
- owed by Società Trenno S.r.l.	3,246	2,593
- owed by FestaS.r.l.	196	194
- owed by Immobiliare Valcarenga S.r.l.	2	1
- owed by Teleippica S.r.l.	16	5
Total other current liabilities	**3,464**	**2,800**
Current financial debts:		
- owed to Festa S.r.l.	2,088	2,057
- owed to Immobiliare Valcarenga S.r.l.	223	221
Total current financial debts	**2,311**	**2,278**
Total liabilities	**6,848**	**6,121**

The assets are stated on a net basis, not taking into account the related provisions.

Thousands of euro	**Q1 2013**	**Q1 2012**
Revenues for services and chargebacks:		
- to companies owned by directors of Snai S.p.A.	-	102
- owed by Società Trenno S.r.l.	597	666
- to companies ownd by shareholders of Snai S.p.A.	-	15
Total revenues for services and chargebacks	**597**	**783**
Other revenues		
- owed by Global Games S.p.A.	1	1
- owed by Società Trenno S.r.l.	250	763
- owed by FestaS.r.l.	28	37
- owed by Mac Horse S.r.l.	-	8
- owed by Immobiliare Valcarenga S.r.l.	3	3
- owed Faste S.r.l. in liquidation	-	1
- owed Teleippica S.r.l.	116	132
Total other revenues	**398**	**945**
Earned interest:		
- to companies owned by directors of Snai S.p.A.	-	17
- owed by Società Trenno S.r.l.	64	73
- owed by SNAI Olé S.A.	10	-
- owed Faste S.r.l. in liquidation	-	8
- owed Teleippica S.r.l.	23	-
Total earned interest	**97**	**98**
Total revenues	**1,092**	**1,826**

Costs for raw materials and consumer materials		
- to companies owned by directors of Snai S.p.A.	1	5,040
- owed by Società Trenno S.r.l.	97	74
- owed by FestaS.r.l.	1247	1,311
- owed by Mac Horse S.r.l.	-	101
- owed Teleippica S.r.l.	572	548
- owed to Connext S.r.l.	144	187
- to companies ownd by shareholders of Snai S.p.A.	1	210
Total costs for raw materials and consumer materials	**2,062**	**7,471**

Total costs of seconded personnel and miscellaneous personnel costs		
- owed by Società Trenno S.r.l.	27	34
- owed by FestaS.r.l.	18	-
- owed Teleippica S.r.l.	8	1
Total costs of seconded personnel	**53**	**35**

Other operating costs		
- to companies owned by directors of Snai S.p.A.	3	
- owed to Connext S.r.l.	3	-
- owed by Società Trenno S.r.l.	1	4
Total other operating costs	**7**	**4**

Interest payable and fees		
Interest payable to Festa S.r.l.	26	32
Interest payable to Mac Horse S.r.l.	-	5
Interest payable to Immobiliare Valcarenga S.r.l.	3	2
Interest payable to Teleippica S.r.l.	-	18
Total interest payable and fees	**29**	**57**
Total costs	**2,151**	**7,567**

34. Financial Risk Management

The Group had financial liabilities principally comprising structured bank financing and finance leases. Those contracts are medium- and long-term.
The liabilities were assumed in connection with transactions for significant strategic development that were planned and concluded between 2006 and 2011, in order to acquire business divisions, concessions, and new rights, in order to consolidate and bolster presence in the reference market.
Let us also recall that in addition to the share capital increase by SNAI S.p.A., which was completed in January 2007 and secured financial resources of Euro 249,961 thousand, the Company had in March 2011 entered into a new facility agreement, for an initial aggregate amount of Euro 490,000 thousand, with a view to appropriately structuring its growth opportunities, supporting the investments necessary for its growth plan, and allowing sufficient elasticity and autonomy in terms of its liquidity.

The acquisition facility credit line in the amount of Euro 60 million which brought the total facilities granted to Euro 490 million was cancelled in November 2012, since it had not been used by the established deadline and therefore the total amount of the available facility is Euro 430,000 thousand. Such loan, which is currently comprised of five different credit lines, has been, as of 31 March 2013 partially used in the total amount of Euro 377,850 thousand.
The Group's policy is to reduce to the extent possible its use of interest-bearing credit to fund its ordinary operations, reduce the collection periods for its trade receivables, to arrange timings and means of deferment in respect of trade creditors, and to plan and diversify the payment terms for its investments.

Derivative financial instruments
Derivative instruments are used by the Group in order to hedge current or anticipated exposure to interest rate risk, in accordance with the Group's policy on interest rate risk management.

The objective pursued by the Group through its interest rate risk management is to limit variability in expected cash flows, while not precluding its ability to benefit from any interest rate cuts and thus it seeks to establish an optimal combination of exposure to fixed and to floating rates, which is considered in line with those objectives.
Consistent with the terms of IAS 39, derivative instruments are measured at fair value, and recorded in accordance with the rules on hedge accounting where the relevant requisites are met.

Fair value
Fair value is the consideration for which an asset may be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
The fair value of a financial instrument at the time of the initial recognition is normally the transaction price and, in other words, the consideration given or received. Nonetheless, if part of the consideration given or received is something other than the financial instrument, its fair value is estimated using a valuation technique.

The presence of official quoted prices in an active market is the best evidence of fair value, and where they exist, they are used to measure the financial asset or liability.
If the market for a financial instrument is not active, fair value is determined using a valuation technique that principally uses market factors and, as little as possible, internal valuation data.

The Group has as financial instruments measured at fair value only derivative contracts whose value is determine using valuation models and data from observable markets, and thus, under the fair value hierarchy established by IAS 39, they are Level 2 fair value instruments.

Criteria for determining fair value
The Group makes use of valuation techniques that are commonly used in market practice for determining the fair value of financial instruments for which no active market exists.
The mark-to-market values derived from the use of pricing models are periodically compared with the mark-to-market values provided by the counterparty banks.

Hedge Accounting
Depending upon the nature of the risk hedged, the following accounting treatment is applied:

- Fair value hedge – if a derivative instrument is designated a hedge of the exposure to changes in fair value of an asset or liability attributable to a particular risk that could affect profit and loss, then:
    - changes in the instrument's fair value are recognized in profit and loss;
    - changes in the fair value of the hedged item, attributable to the hedged risk, adjust the carrying amount of the hedged item and are recognized in profit and loss;
- Cash flow hedge – if a derivative instrument is designated as hedging exposure to variability in the cash flows of an asset or liability on the balance sheet, or a transaction that is considered highly probable, the effects that are recognized are as follows:

the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity, and that amount is the lesser (in absolute terms) of: the cumulative gain or loss on the fair value of the hedging derivative from inception of the hedge; and the cumulated change in the net present value of the expected cash flows on the hedged instrument, from inception of the hedge;

- the ineffective portion is determined as the difference between the gain or loss on the hedging instrument and the effective component recognized in equity, and is recognized in profit and loss;
- the amounts recognized in equity as the effective hedging component are transferred to profit and loss when the hedged item is recognized in profit and loss.

In the event that the conditions for the application of hedge accounting are not satisfied, the effects derived from the fair value measurement of the derivative are recognized directly in profit and loss.

Currently, the Group has derivative instruments that hedge interest rate risk whose accounting treatment is in hedge accounting (as cash flow hedges).
In order to verify the effectiveness of the hedges it has put in place, the Group carries out retrospective and prospective testing.
Prospective testing provides that at inception and over the whole term of the hedging relationship, every hedge must be shown to be highly effective, where effective means that the changes in the fair value or cash flows of the hedged item must set off "almost completely" the changes in fair value or cash flows of the hedged instrument.
Retrospective testing provides that the hedge is shown to be highly effective when its results come within a range of between 80 and 125 percent.
In order to verify periodically the effectiveness of the hedges, the Group uses the Dollar Offset Method or Ratio Analysis. As at 31 December 2012, checking the effectiveness through the Dollar Offset Method showed how the hedges the Group had put in place were effective.

Derivative instruments in place as of 31 March 2013

As at 31 March 2013, the Group had two derivative instruments (interest rate swaps) in place, which were entered into to hedge the interest rate risk connected with the facility provided by Unicredit S.p.A., Banca IMI S.p.A. and Deutsche Bank S.p.A. The Group has elected to account for those derivatives under hedge accounting, as cash flow hedges in accordance with the rules of IAS 39.

In particular, the two IRS contracts, made with Banca IMI S.p.A. and Unicredit S.p.A., respectively, hedge Facility A, Facilty B, and the Capex Facility, as follows:

the interest rate swap made with Banca IMI S.p.A. serves entirely to hedge Tranche A;

of the derivative made with Unicredit S.p.A., 67.5 percent hedges Tranche B, 5.45 percent hedges Tranche A, and 27.05 percent hedges the Capex Tranche.

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As at 31 March 2013, the fair value of the derivatives was approximately negative Euro 2,600 thousand, with reference to the IRS made with Banca IMI S.p.A. and approximately negative Euro 5,186 thousand, with reference to the IRS made with Unicredit S.p.A.

The following table sets forth the changes in the cash flow hedge reserve in the first quarter of 2013.

Changes to cash flow hedge reserve (amounts in thousands of Euros).

Cash Flow Hedge Reserve - Interest Rate Risk	31.03.2013
Initial reserve	**(6,820)**
Positive (+) / negative (-) changes in reserve for statement of effectiveness of hedging	365
Positive (+) / negative (-) changes by transfer of negative/positive effect to the income statement	810
Final reserve	**(5,645)**

Liquidity risk

Liquidity risk as defined as the possibility that the Group is unable to settle its payment commitments as a result of an inability to obtain new funds (funding liquidity risk), to sell assets in the market (asset liquidity risk), or is obliged to incur very high costs in order to settle those commitments. Exposure to that risk for the Group is connected above all with the commitments under the facilities put in place in March 2011 with Unicredit S.p.A., Banca IMI S.p.A. and Deutsche Bank S.p.A.

Interest rate risk

In connection with the financing and commitments related to its core operations, the Group is exposed to interest rate risk, which may be defined as the possibility that a loss may occur in its financial management, in terms of a lower return from an asset or an increased cost of an (existing or potential) liability, as the result of interest rate fluctuations.

Interest rate risk thus represents the uncertainty associated with interest rate performance.

The Group's exposure to that risk, as at 31 March 2013, in particular regards the facilities put in place in March 2011, all of which are at floating rates. The Group has assumed the obligation, in respect of that facility, to ensure it has suitable means of hedging the interest rate risk on some of the facilities. Also on the basis of the terms of the Group's Policy on interest rate risk management, the Group in August 2011 entered into two interest rate swaps with two leading financial institutions in order to hedge part of the exposure to interest rate associated with the facilities.

The aim of the Group's interest rate risk management is to protect the Group's financial spread against changes in market rates, by keeping volatility in check and maintaining consistency between the risk profile and the return on financial assets and liabilities.

Floating rate instruments expose the Group to changes in cash flows, while fixed rate instruments expose the Group to changes in fair value.

Credit risk

In order to reduce and monitor credit risk, the SNAI Group has put in place organizational policies and instruments precisely for that purpose.

Potential asset relationships are always subjected to reliability analyses prior to the event, through the use of information from leading specialized suppliers. The analyses obtained are appropriately supplemented with such information as is available within the Group, resulting in a reliability assessment. That assessment is subject to review periodically, and wherever new information emerges, if appropriate.

The Group's debtors (customers, shop and betting shop managers, AWP and VLT operators, and so forth) are often known to the Group, as a result of its presence over many years in all of the market segments in which it appears, which features a limited number of member operators.

A number of asset relationships are preliminary secured with guarantees or deposits, which are provided to the Group drawing upon characteristics determined by the reliability assessment.

Relationships established are monitored on a regular, on-going basis by a dedicated group of employees, which deals with the various departments involved.
Receivables are regularly subjected to in-depth assessments. In particular, receivables are shown net of the relevant write-down provisions. Allocations made to the provisions for receivables write-down are recorded where there is objective evidence of the difficulty in the Company's recovery of the receivable. Where receivables are considered no longer recoverable, they are written off completely.
In relation to the aforementioned financial instruments, the maximum exposure to credit risk, without considering any security that may be held or other instruments that may mitigate credit risk, is their fair value.
The risk regarding the Group's other financial assets is in line with market conditions.

Exchange rate risk
There are no transactions worth mentioning that may generate risks connected with changes in exchange rates.

Capital management
The Group's capital management is intended to ensure a sound credit rating and appropriate levels of capital indicators, to support operations and investment plans while meeting the contractual obligations assumed towards lenders.

The Group may, subject to the contractual limits under its loan agreements, pay dividends to shareholders and issue new shares.

The Group has analyzed its capital in terms of its debt/capital ratio, which is to say, the ratio between net debt and equity plus net debt. The Group's policy is to seek to keep that ratio between 0.3 and 1.0.

thousands of Euro	31.03.2013	31.12.2012
Interest-bearing loans	384,247	380,476
non interest-bearig loans	156	155
Financial liabilities	384,403	380,631
Trade debts and other debts	133,086	134,091
Currente financial assets	(15,284)	(10,249)
Cash and cash equvalents	(27,787)	(11,010)
Net debt	**474,418**	**493,463**
Net shareholders' equity	172,822	164,229
Total net shareholders' equity	**172,822**	**164,229**
Net shareholders' equity and net debt	**647,240**	**657,692**
Ratio net debt/net shareholders' equity and net debt	73.3%	75.0%

35. Significant non-recurring events and transactions

No non-recurring revenue or costs were recognized in the first quarter of 2013, for the purposes of CONSOB Resolution No. 15519 of 27 July 2006, which defines such items as "(positive and/or negative) income components deriving from events or transactions whose occurrence is non-recurring or from transactions or events that are not frequently repeated in the ordinary course of business."

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

In the first quarter of 2013, there were no atypical or unusual transactions.

37. Companies of the Group

Control of the Group
SNAI S.p.A., the parent company of the company, is legally subject to control by Global Games S.p.A.

Significant investments in subsidiaries

	Percentage held		
	31.03.2013	31.12.2012	31.03.2012
IMMOBILIARE VALCARENGA S.r.l. held by sole quotaholder	100	100	100
FESTA S.r.l. held by sole quotaholder	100	100	100
Mac Horse S.r.l. held by sole quotaholder in liquidation	0	0	100
Società Trenno S.r.l. held by sole quotaholder	100	100	100
Faste S.r.l. held by sole quotaholder in liquidation	0	0	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 the consolidation methods adopted are illustrated in schedule 1.

38. Net financial position

In accordance with the requirements of CONSOB's Notice of 28 July 2006, and in accordance with the Recommendation from CESR of 10 February 2005, "CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses", the Group's net financial position is set forth in the following table:

thousands of Euro	**31.03.2013**	**31.12.2012**
A. Cash	308	204
B. Other available liquidity	27,479	10,806
bank accounts	*27,456*	*10,789*
postal accounts	*23*	*17*
C. Securities held for trading	1	1
D. Liquidity (A) + (B) + (C)	**27,788**	**11,011**
E. Current financial receivables	**7**	**7**
- Escrow Account)	7	7
F. Current bank debts	18,307	10,038
G. Current portion of non-current indebtedness	16,100	16,100
H. Other current financial debts	7,727	10,057
- for the purchase of shareholding and agency business unit	0	0
- for the purchase of horse race and sports concessions	156	155
- debts owed to other lenders	7,571	9,902
I. Current financial indebtedness (F) + (G) + (H)	**42,134**	**36,195**
J. Current net financial indebtedness (I) - (E) -(D)	**14,339**	**25,177**
K. Non-current bank debts	329,746	328,866
L. Bonds issued	0	0
M. Other non-current debts	12,523	15,570
- debts owed to other lenders	4,725	6,164
- for the purchase of horse race and sports bets	0	0
- Interest rate Swap	7,798	9,406
N. Non-current financial indebtedness (K) +(L) + (M)	**342,269**	**344,436**
O. Net financial indebtedness (J) + (N)	**356,608**	**369,613**

The net financial position does not include balances standing to the credit of escrow accounts and other unavailable account of Euro 15,276 thousand, which are classified as "current financial assets" in the balance sheet (see Note 21).

As compared with 31 December 2012, net financial indebtedness fell by Euro 13,005 thousand. This decline is attributable to the improvement in availability liquidity thanks to the postponement in the payment of the single tax and the favorable trend in earnings.

As required in Consob protocol notice no. 10084105 issued on 13 October 2010, set forth below is the net financial position of the parent company SNAI S.p.A..

(thousands of euros)	31.03.2013	31.12.2012
A. Cash	207	99
B. Other cash and cash equivalents	25,466	9,490
- bank accounts	25,445	9,474
- postal accounts	21	16
C. Securities held for trading	1	1
D. Liquidity (A) + (B) + (C)	**25,674**	**9,590**
E. Current financial receivables	9701	3,948
- finance acc't to subsidiaries	9694	3,941
- designated bank account (Escrow Account)	7	7
F. Current bank debt	18,307	10,038
G. Current portion of non-current debt	16,100	16,100
H. Other current financial payables	10,028	12,322
- finance acc't to subsidiaries	2,311	2,278
- to purchase horse racing and sports betting concessions	156	155
- to purchase company branch and agency holding	0	0
- payables to other lenders	7,561	9,889
I. Current finance debt (F) + (G) + (H)	**44,435**	**38,460**
J. Current net financial debt (I)- (E)- (D)	**9,060**	**24,922**
K. Non-current bank debt	329,746	328,866
L. Bonds issued	0	0
M. Other non-current liabilities	12,515	15,559
- payables to other lenders	4717	6,153
- to purchase horse racing and sports betting concessions	0	0
- Interest rate swaps	7,798	9,406
N. Non-current finance liabilities (K) + (L) + (M)	**342,261**	**344,425**
O. Net finance liabilities (J) + (N)	**351,321**	**369,347**

The net financial position does not include escrow accounts and unavailable balances standing to the credit of bank accounts totaling Euro 15,276. thousand.

38.1 Covenants

The Facility Agreements in place provide for a series of obligations to which the Group is held, as is usual for this kind of financing.
SNAI S.p.A. has committed to comply with financial covenants pursuant to agreements with Unicredit S.p.A., Banca IMI S.p.A. and Deutsche Bank S.p.A. in relation to the medium- and long-term financing agreement with an initial aggregate amount of euro 490 million, reduced to Euro 430 million as the result of the cancellation of the acquisition facility credit line in the amount of Euro 60 million in November 2012, since it was not used by the established deadline (for further information, see note 27).
In particular, those covenants regard maintaining certain ratios between cash flows linked to borrowing, "consolidated EBITDA", and investments. EBITDA is defined in the facility agreement and indicates the consolidated earnings before interest, taxes, depreciation, and amortization, and all extraordinary and non-recurring items.

An amendment to the Facilities Agreement was negotiated with the three main lenders in November 2012, under which changes were made to the calculation of the Senior Leverage Ratio and of the Senior Interest Coverage for the periods ended 31 December 2012 and 31 March 2013, and ending 30 June 2013. The change, which increases EBITDA by an agreed amount, seeks to address the consequences of two exceptional events that have penalized those calculations (the Barcrest events, and the level of payouts on sporting bets in September 2012). The main lenders accepted the amendment on 23 November 2012.

The calculations made with respect to compliance with the covenants as at 31 December 2012 did not indicate any contravention of their terms.

SNAI S.p.A. is also obliged to provide its lenders with periodic information as to its cash flows and income, and key performance indicators, regarding the Group, including EBITDA and net borrowings from October 2011 onwards.

Failure to comply with the financial covenants and other obligations would result in default for SNAI S.p.A.

39. Events which occurred after the close of the period

Shareholders' Meeting held on 26 April 2013
On 26 April 2013, the Meeting of the Shareholders of SNAI S.p.A. approved the financial statement for year 2012, as well as the covering of the losses. The shareholders appointed the Board of Directors, after determining the number of members of the same and their compensation for the three years 2013-2015 and until the Shareholders' Meeting called to approve the financial statement for year 2015. Dr. Giorgio Sandi has been confirmed as Chairman del Board of Directors and appointed Managing Director.

Tender procedure for the award of 2000 new rights for sports and horse race betting stores
On 24 April 2013, the Customs and Monopolies Agency published the temporary list of rights awarded on the basis of which all of the historic concessions that have expired have been confirmed and, as requested by SNAI S.p.A., several dozen new rights appear to have been awarded. Over the next few weeks, the Customs and Monopolies Agency shall publish the final list of the rights awarded and the list of successful tenderers.
Starting on such date, the term of 30 business days shall start to run for the submission of the documentation necessary for the execution of the concession (including the payment of the fee and the grant of the final guarantee).

It is therefore presumable that the new concessions will be executed starting in July 2013.

Quotes on 2 October 2012
In three cases, the players filed a complaint with the Commission for the transparency of gaming at the AAMS, requesting payment of the winnings. By decisions no. 4/2013, no. 5/2013 and no. 6/2013 published on 29 April 13, the Commission granted the claims.
SNAI is now evaluating, upon gaining access to the documents, the type of action to be taken against such decisions, also in consideration of the fact that the principle calling for bilateral discussions between the parties was not fully honored (for further details, see note 28).

On behalf of the Board of Directors
Dr. Giorgio Sandi
(Chairman and Managing Director)

Milan, 9 May 2013

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The executive in charge of preparing accounting and corporate documents, Dr. Marco Codella, declares, pursuant to paragraph 5 art. 154 bis of the Financial Services Act that the financial disclosure set forth in this interim financial statement as of and for period ended 31 March 2013 corresponds to the data contained in the accounting documents and records.

SCHEDULE 1

Composition of the SNAI Group as of 31 March 2013

(thousands of Euro)

Company name	Registered office	Share capital	Percentage held	Notes	Business operations conducted	Consolidation method /valuation criteria
- SNAI S.p.A.	Porcari (LU)	60,749	Parent company		Acceptance of horse race and sports betting through its own concessions - coordination of operations of subsidiaries and electronic operation of dissemination of data and services for betting agencies - electronic operation of the connection network of entertainment devices - skill games	full
Subsidiaries:						
- Società Trenno S.r.l. held by sole quotaholder	Milan (MI)	1,932	100.00%	(1)	Organization and operation of horse races and the training center	full
- Immobiliare Valcarenga S.r.l. held by sole quotaholder	Milan (MI)	51	100.00%	(2)	Rent of horse race company for holding of horses	full
- Festa S.r.l. held by sole quotaholder	Porcari (LU)	1,000	100.00%	(3)	Gestione call center, help desk	full
- Teseo S.r.l. in liquidation	Palermo (PA)	1,032	70.00%	(4)	Design and planning of betting management software systems	net equity
- SNAI Olè s.a.	Madrid (Spain)	61	100.00%	(5)	Acceptance of sports betting and manufacturing of gaming materials - dormant	full
- SNAI France SAS	Paris (France)	150	100.00%	(6)	Acceptance of remote bets -dormant	full
- Teleippica S.r.l.	Porcari (LU)	2,540	100.00%	(7)	Dissemination of information and events through all means permitted by technology and regulatory provisions in force now and in the future with the exception of publication in newspapers	full
Affiliates:						
- HIPPOGROUP Rome Capannelle S.p.A.	Rome (RM)	945	27.78%	(8)	Organization and operation of horse races and the training center	net equity
- Solar S.A.	LUSSEMBURGO	31	30.00%	(9)	Financial	net equity
- Alfea S.p.A.	Pisa (PI)	996	30.70%	(10)	Organization and operation of horse races and the training center	net equity
- Connext S.r.l.	Porcari (LU)	82	25.00%	(11)	Distribution and assistance of electronic services, hardwas and software	net equity
Other companies:						
- TIVU + S.p.A. in liquidation	Rome (RM)	520	19.50%	(12)	Multimedia operations, production, gathering and broadcasting of television signal	Cost
- Lexorfin S.r.l.	Rome (RM)	1,500	2.44%	(13)	Financial company for shareholdings in the horse race sector	Cost

Notes on the composition of the Group

(1) Wholly-owned subsidiary of SNAI S.p.A., as a result of the merger by incorporation of Ippodromi San Siro S.p.A. (formerly Società Trenno S.p.A.). The company was incorporated on 27 July 2006, and on 15 September 2006 Ippodromi San Siro S.p.A. contributed its "horse racing operations" business unit.
(2) Wholly-owned subsidiary of SNAI S.p.A.
(3) Incorporated on 30 December 1999, with SNAI S.p.A. as sole member.
(4) Incorporated on 13 November 1996, and acquired by SNAI S.p.A. on 30 December 1999. On 3 August 2001, Teseo S.r.l. entered winding-up.
(5) Incorporated on 19 November 2008. The company is not operating.
(6) Incorporated on 18 July 2010. The company is not operating.
(7) Acquired by third parties on 5 May 2000. On 2 October 2003, the extraordinary shareholders' meeting changed the company's name from SOGEST Società Gestione Servizi Termali S.r.l. to Teleippica S.r.l., and also its corporate purpose. Over the course of 2005, the extraordinary shareholders' meeting resolved to increase the share capital to Euro 2,540,000. On 31 January 2011 SNAI S.p.A. acquired control of 80.5 percent of the share capital of Teleippica S.r.l. from SNAI Servizi S.p.A. SNAI S.p.A. owns 100 percent of the share capital of Teleippica S.r.l.
(8) On 12 January 2011, the shareholders' meeting of Hippogroup Roma Capannelle S.p.A. resolved, inter alia, to reduce the share capital to Euro 944,520.00. SNAI S.p.A.'s shareholding was unchanged at 27.78 percent
(9) A company incorporated under Luxembourg law on 10 March 2006 by SNAI S.p.A., which holds 30 percent, and FCCD Limited, a company incorporated under Irish law, which holds 70 percent
(10) Previously, a 30.70 percent shareholding was held by Ippodromi San Siro S.p.A. (formerly, Società Trenno S.p.A.), now merged into SNAI S.p.A., by incorporation.
(11) On 7 December 2000, the shareholding in Connext S.r.l. was acquired through the purchase of rights from former shareholders, and the subsequent subscription (and payment) of the share capital increase reserved to the holders of those rights.
(12) On 7 July 2005, the extraordinary shareholders' meeting resolved to wind up the company Tivu + S.p.A.
(13) Shareholding of 2.44 percent acquired on 19 July 1999 by Società Trenno S.p.A., which was subsequently merged into SNAI S.p.A., by incorporation.