INTERIM FINANCIAL REPORT AT 30 JUNE 2013

SNAI S.p.A.
Registered offices in Porcari (Lucca) – Via L. Boccherini 39 – Fully paid-up share capital € 60,748,992.20
Tax number 00754850154 – VAT number 01729640464
Companies Register of Lucca and Administrative and Economic Index Lucca no. 00754850154

Index

SNAI S.P.A. CORPORATE BODIES
AND AUDIT FIRM

Board of Directors
(in office from Shareholders' Meeting of 26 April 2013 until Shareholders' Meeting to approve Financial Statements at 31.12.2015)

Chairman and CEO	**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

Officer in charge of preparing corporate accounting documents **Marco Codella**

Statutory Auditor's Board
(in office from Shareholders' Meeting of 29 April 2011 until Shareholders' Meeting to approve Financial Statements at 31.12.2013)

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

Audit Firm
(9 year appointment by Shareholders' Meeting resolution taken on 15.05.2007)
Reconta Ernst & Young S.p.A.

* *Members of the Audit and Risks Committee chaired by Stefano Campoccia.*
* * *Members of the Remuneration Committee chaired by Sergio Ungaro.*

INTERIM MANAGEMENT REPORT
AT 30 JUNE 2013

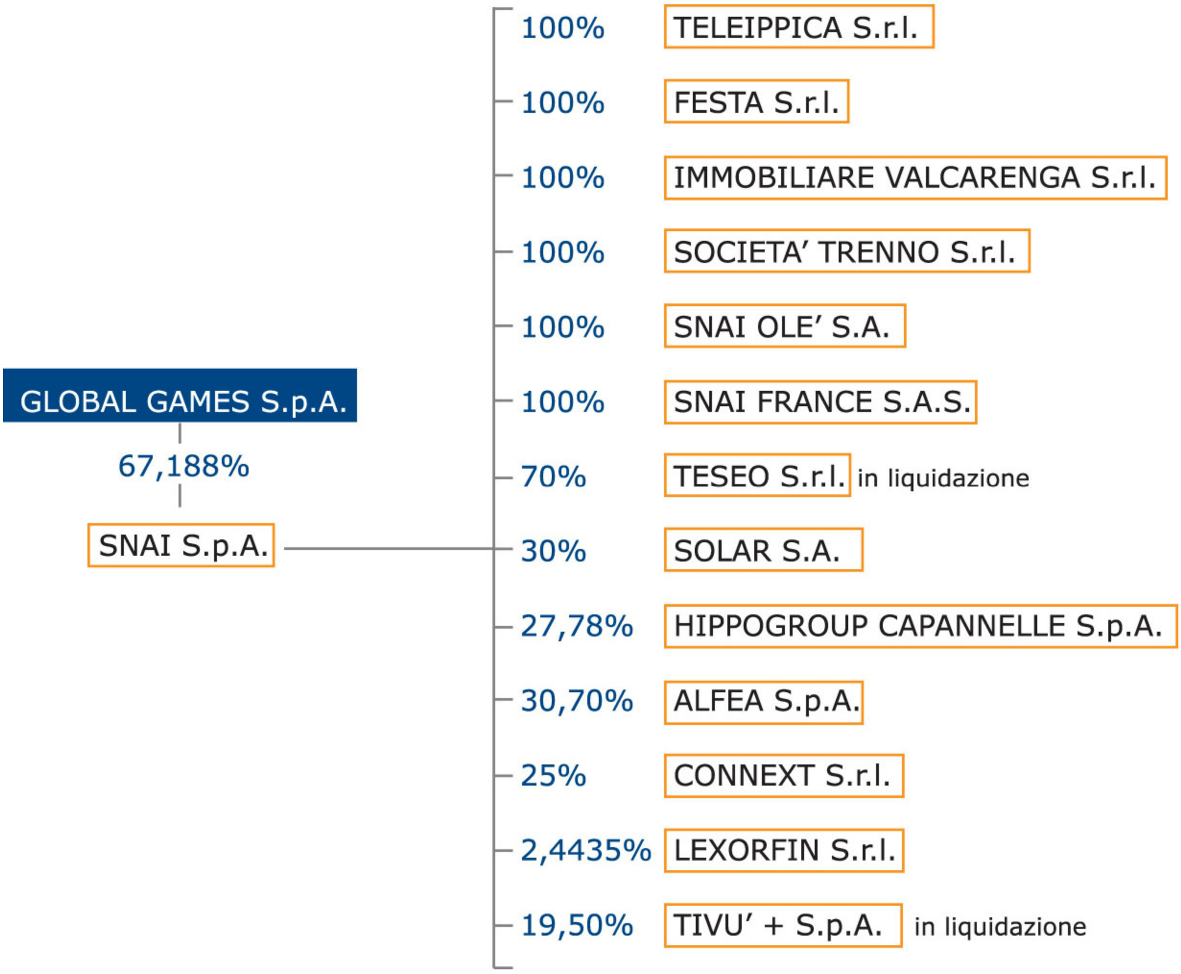
INTERIM MANAGEMENT REPORT

A. SNAI Group

SNAI S.p.A. is the main operator in the Italian betting market, and one of the leaders in the national gaming market.

The Group is controlled by Global Games S.p.A. – a company with equal shareholding held by Global Entertainment S.A. (controlled by Investindustrial IV L.P.) and Global Win S.r.l. (controlled by Venice European Investment Capital S.p.A.) - that holds 67.188% of the share capital in SNAI S.p.A.

Global Games S.p.A. (as the simple holding company) does not exercise any management or coordination activities in respect of SNAI S.p.A., which independently determines its own strategic directions with full organisational, management and business autonomy.



B. Analysis of Group's economic and financial performance

This operational and financial analysis is provided as a supplement to the Financial Statements and Explanatory Notes, and should be read in conjunction with these documents.

B.1 Group's key performance indicators

The Group's key performance indicators are shown below (in thousand of Euro, except for share amounts).

- **KPI**

	I Semester		*Variations*	
figures in € thousand	*2013*	*2012*	*€*	*%*
Revenue	252,972	263,821	(10,849)	(4)
EBITDA	44,233	34,317	9,916	29
EBIT	18,072	1,264	16,808	>100
Earnings before tax	(1,273)	(15,486)	14,213	92
Net earnings	(4,271)	(10,999)	6,728	61
Diluted earnings per share	(0.04)	(0.09)	0.05	56

- **EBITDA and EBIT**

EBITDA and EBIT are considered as alternative performance indicators, but are not measurements defined on the basis of International Financial Reporting Standards ("IFRS"); they may therefore not take the IFRS requirements into account regarding recording, evaluation and presentation. We believe that EBITDA and EBIT assist in explaining the changes in operating performance and provide useful information regarding the ability to manage debt; they are commonly used by analysts and investors in the gaming sector as performance indicators. EBITDA and EBIT should not be considered as alternatives to cash flows as a measurement of liquidity. By way of their definition, EBITDA and EBIT may not be comparable to the same indicators used by other companies.

EBIT stands for "Earnings before financial income/charges and taxes" in the statement of comprehensive income.

EBITDA is calculated by adding the following items to the EBIT:

	I Semester		*Variations*	
figures in € thousand	*2013*	*2012*	*€*	*%*
EBIT	18,072	1,264	16,808	>100
+ Depreciation tangible fixed assets	9,633	10,143	(510)	(5)
+ Amortisation intangible fixed assets	16,185	22,618	(6,433)	(28)
± Net impairment losses	51	18	33	>100
+ Other provisions	292	274	18	7
EBITDA	**44,233**	**34,317**	**9,916**	**29**
Non-recurring revenue and costs	4,868	0	4,868	
Operational EBITDA	**49,101**	**34,317**	**14,784**	**43**

Earnings before Tax are calculated by adding the following items to the EBIT:

	I Semester		*Variations*	
figures in € thousand	*2013*	*2012*	*€*	*%*
EBIT	18,072	1,264	16,808	>100
Earnings of consolidated companies using Net Equity method	(118)	2,198	(2,316)	>100
+ Financial income	736	486	250	51
+ Financial charges	(19,962)	(19,426)	(536)	(3)
+ Profits (losses) on exchange rates	(1)	(8)	7	88
Earnings before tax	**(1,273)**	**(15,486)**	**14,213**	**92**

B.2 Non-recurring revenues and costs

A summary of the non-recurring revenues and costs calculated for operational purposes is shown below (Explanatory Notes show non-recurring revenues and costs as required by Consob Circular no. 15519 of 27.07.2006).

Non-recurring revenues and costs	**SNAI Group**
thousands of Euro	**II Semester 2013**
Non-recurring revenues and costs	
Costs relating to once-off consulting	420
Administrative penalties for IU and PREU	2,962
Voluntary retrenchment incentives and once-off staff charges	1,456
Others	29
Impact on EBITDA	**4,868**

With regard to the figures shown above, the Board of Directors deems these amounts to be non-recurring and of an extraordinary nature.

The charging of non-recurring costs to the Income Statement in the first half of 2013 referred principally to the penalties for the late payment of the Single tax ["Imposta Unica"] relating to 2009 and 2010, and to a lesser extent, to the penalties relating to PREU for 2004-2006, in addition to the costs for the voluntary staff retrenchment incentives in various companies, and the assistance and consulting consequent to the malfunctioning of the Barcrest VLT platform. The total of non-recurring revenues and costs impacts on the consolidated EBITDA for 4.9 million Euro as illustrated in the table.

B3. Group's economic and financial performance

In the first six months of 2013, the Group's revenues contracted by about 4%, going from 263.8 million in the first semester of 2012 to 253 million Euro in the corresponding period of 2013. This can be attributed mainly to the combined effect of the increase in revenues resulting both from the sports betting and VLTs and the contextual drop in revenues from AWPs. Revenues from sports betting increased compared to the same period the previous year in relation to the favourable payout of around 77.2%, compared to 82.4% in the first half of 2012. This result was also due to the risk management activities associated with the sports betting acceptance business, which the Company decided to consolidated during the period in question.
With regard to the increased revenues from VLTs, this is due to the significant extension in the installed network, which at the end of June numbered 4234 machines nationally. Important signals for growth in revenues came from the Remote Gaming segment, which has also grown in terms of market share.
The drop in AWP revenue on the other hand, can basically be attributed to the lower number of devices for takings due to a significant client leaving our network and becoming a direct concession holder as from 20 March 2013, as well as the impact from growing fiscal pressure with the PREU, which rose to 12.7% and impacts on the Group's revenue percentage.
Despite the drop in revenue, the Group's EBITDA recorded +29% compared to the same period in the previous year, going from 34.3 million Euro to 44.2 million Euro.
Operating EBITDA, before non-recurring costs and revenue amounted to 49.1 million Euro in the first six months of 2013, against 34.3 million Euro, recording a 43% increase.
The Group's EBIT for the first semester of 2013 was 18.1 million Euro, against 1.3 million Euro for the same period the previous year.

The net operating result for the Group in the first semester of 2013 is negative for 4.3 million Euro, against the loss of 11 million Euro during the first half of 2012.

The SNAI Group's net financial position at 30.06.2013 was 346.8 million Euro, compared to 369.6 million Euro at the end of 2012. Compared to the previous financial year end, net financial debt came down by 22.8 million Euro, which can be attributed to improved cash flows associated with the extension on the payment of the Single Tax and the positive income trend. Furthermore, the credit in June 2013 should be noted for the ADI security deposit paid in 2012 for 14 million Euro.

B.4 Group's economic and asset position

SNAI GROUP - Consolidated Comprehensive Income Statement

figures in thousands of Euro	**I Semester 2013**	**II Semester 2012**
Revenue from sales and services	252,300	263,042
Other revenue and income	672	779
Variation inventories finished and semi-finished products	1	(3)
Raw and consumable materials used	(868)	(663)
Costs for services and use of third-party assets	(169,467)	(196,201)
Staff costs	(19,149)	(17,956)
Other operating expenses	(19,730)	(15,063)
Capitalised costs of internal works	474	382
Results pre amortisations, depreciations, fin. income/charges, taxes	**44,233**	**34,317**
Amortizations and depreciations	(25,869)	(32,779)
Other provisions	(292)	(274)
Results pre financial income/charges, taxes	**18,072**	**1,264**
Income and charges from shareholdings	(118)	2,198
Financial income	739	486
Financial charges	(19,966)	(19,434)
Total financial income and charges	**(19,345)**	**(16,750)**
BEFORE TAX RESULT	**(1,273)**	**(15,486)**
Income tax	(2,998)	4,487
Profit (loss) for the period	**(4,271)**	**(10,999)**
Total other items of comprehensive Income Statement that will not subsequently be reclassified in the profits (loss) for the period net of taxes	**0**	**0**
Net (loss)/profit from derivative instruments covering cash flows (cash flow hedges)	2,491	(2,264)
Total other items of comprehensive Income Statement that will subsequently be reclassified in the profits (loss) for the period net of taxes	**2,491**	**(2,264)**
Total profit (loss) of comprehensive Income Statement net of taxes	**2,491**	**(2,264)**
Total profit (loss) for the period	**(1,780)**	**(13,263)**
Attributable to:		
Profit (loss) for the period pertaining to the Group	(4,271)	(10,999)
Profit (loss) for the period pertaining to Third Parties	0	0
Total profit (loss) for the period pertaining to the Group	(1,780)	(13,263)
Total profit (loss) for the period pertaining to Third Parties	0	0
Basic profit (loss) per share in Euro	(0.04)	(0.09)
Diluted profit (loss) per share in Euro	(0.04)	(0.09)

SNAI Group - Consolidated statement of asset - financial position

figures in thousands of Euro	30.06.2013	31.12.2012
ASSETS		
Non-current assets		
Owned property, plant and equipment	139,600	134,819
Finance leased assets	13,401	17,294
Total Tangible Fixed Assets	**153,001**	**152,113**
Goodwill	231,531	231,531
Other intangible assets	136,935	151,409
Total Intangible Fixed Assets	**368,466**	**382,940**
Equity-valued shareholdings	3,146	3,264
Shareholdings in other companies	46	46
Total equity investments	**3,192**	**3,310**
Prepaid taxes	63,532	63,879
Other non-financial assets	2,511	2,341
Total non-current assets	**590,702**	**604,583**
Current assets		
Inventory	3,000	3,384
Trade receivables	87,200	91,837
Other assets	19,061	36,364
Current financial assets	20,113	10,249
Cash and cash equivalents	30,248	11,010
Total current assets	**159,622**	**152,844**
TOTAL ASSETS	**750,324**	**757,427**
LIABILITIES AND NET EQUITY		
Group net equity		
Share capital	60,749	60,749
Reserves	105,971	146,040
Profit (loss) for the period	(4,271)	(42,560)
Total Group Net Equity	**162,449**	**164,229**
Third parties net equity		
Total net equity	**162,449**	**164,229**
Non-current liabilities		
Severance pay indemnity	4,638	5,190
Non-current financial liabilities	323,084	344,436
Deferred taxes	50,232	48,150
Provisions for future risks and charges	16,688	25,136
Various payables and other non-current liabilities	1,384	1,951
Total non-current liabilities	**396,026**	**424,863**
Current liabilities		
Trade payables	39,127	44,239
Other liabilities	98,727	87,901
Current financial liabilities	25,806	20,095
Current portions of long-term loans	28,189	16,100
Total financial liabilities	**53,995**	**36,195**
Total current liabilities	**191,849**	**168,335**
TOTAL LIABILITIES AND NET EQUITY	**750,324**	**757,427**

SNAI Group - Consolidated Cash Flow Statement

	figures in thousands of Euro	**30.06.2013**	**30.06.2012**
A.	**CASH FLOW FROM OPERATIONS FOR THE PERIOD**		
	Group profit (loss) for the period	(4,271)	(10,999)
	Third parties' profit (loss) for the period	0	0
	Amortizations and depreciations	25,869	32,779
	Net change in receivables (payables) for prepaid (deferred) taxes	1,484	(5,385)
	Change in provision for risks	(8,448)	(1,273)
	Capital gains (losses) on non-current asset disposals (including equity investments)	61	224
	Portion of results from equity investments valued net equity method (-)	118	(2,198)
	Net change in non-current trade assets and liabilities and others and other changes	(737)	(2,391)
	Net change in current trade assets and liabilities and others and other changes	28,038	18,556
	Net change in severance indemnity	(552)	(446)
	CASH FLOW GENERATED (ABSORBED) BY OPERATIONS (A)	**41,562**	**28,867**
B.	**CASH FLOW FROM INVESTMENTS**		
	Investments in tangible assets (-)	(10,546)	(7,674)
	Investments in intangible assets (-)	(1,822)	(1,008)
	Investments in other non-current assets (-)	0	0
	Acquisition of shareholdings in subsidiaries, net of acquired cash and cash equivalents	0	0
	Proceeds from disposal of tangible, intangible and other non-current assets	24	19
	CASH FLOW GENERATED (ABSORBED) BY INVESTMENTS (B)	(12,344)	(8,663)
C.	**CASH FLOW FROM FINANCING**		
	Change in financial receivables and other financial assets	(9,864)	249
	Change in financial liabilities	(4,403)	(25,194)
	Repayment of financing	(4,600)	0
	Establishing/payment of financing	9,000	3,000
	Change in deferred payables to PAS from acquisition of concessions business units	(113)	(331)
	CASH FLOW GENERATED (ABSORBED) FROM FINANCING (C)	(9,980)	(22,276)
D.	**CASH FROM DISPOSED /INTENDED FOR DISPOSAL ASSETS (D)**		
E.	**TOTAL CASH FLOW (A+B+C+D)**	19,238	(2,072)
F.	**NET INITIAL CASH AND CASH EQUIVALENTS (NET INITIAL FINANCIAL DEBT)**	11,010	40,282
G.	**NET EFFECT OF FOREIGN CURRENCY CONVERSIONS ON CASH**		
H.	**NET FINAL CASH AND CASH EQUIVALENTS (NET FINAL FINANCIAL DEBT) (E+F+G)**	**30,248**	**38,210**

RECONCILIATION OF NET FINAL CASH AND CASH EQUIVALENTS (NET FINAL FINANCIAL DEBT)

CASH AND CASH EQUIVALENTS NET OF SHORT TERM FINANCIAL DEBT AT START OF PERIOD, AS FOLLOWS:		
Cash and cash equivalents	11,010	40,282
Bank overdrafts		
Discontinued operations		
	11,010	**40,282**
CASH AND CASH EQUIVALENTS NET OF SHORT TERM FINANCIAL DEBT AT END OF PERIOD, AS FOLLOWS:		
Cash and cash equivalents	30,248	38,210
Bank overdrafts		
Discontinued operations		
	30,248	**38,210**

SNAI Group - Net Financial Debt

thousands of Euro	30.06.2013	31.12.2012
A. Cash	252	204
B. Other cash and cash equivalents	29,996	10,806
bank	*29,968*	*10,789*
postal current accounts	*28*	*17*
C. Securities held for trading	1	1
D. Cash and cash equivalents (A) + (B) + (C)	**30,249**	**11,011**
E. Current financial receivables	**6**	**7**
- Escrow account	6	7
F. Current payables to banks	19,228	10,038
G. Current portion of non-current debt	28,189	16,100
H. Other current financial payables	6,578	10,057
- for purchasing shareholding and agency business units	0	0
- for purchasing horse racing and sports betting concessions	42	155
- payables to other lenders	6,536	9,902
I.Current financial debt (F) + (G) + (H)	**53,995**	**36,195**
J. Net current financial debt (I) - (E) - (D)	**23,740**	**25,177**
K. Non-current bank payables	313,727	328,866
L. Bonds issued	0	0
M. Other non-current payables	9,357	15,570
- payables to other lenders	3,376	6,164
- for purchasing horse racing and sports betting concessions	0	0
- Interest rate swaps	5,981	9,406
N. Non-current financial debt (K) +(L) + (M)	**323,084**	**344,436**
O. Net financial debt (J) + (N)	**346,824**	**369,613**

The net financial position does not include fixed term bank accounts and unavailable balances on current accounts for 20,106 thousand Euro, classified under "current financial assets" in the balance sheet.

B.5 Covenants

As is customary with this type of financing, existing loan agreements set out a series of obligations for the Group.
SNAI S.p.A. has undertaken to comply with certain financial parameters on the basis of agreements reached with Unicredit S.p.A., Banca IMI S.p.A. and Deutsche Bank S.p.A. relating to medium/long-term financing for a total of 490 million Euro, which then came down to 430 million Euro because the Acquisition facility credit line for 60 million Euro had lapsed in November 2012, because it had not been utilised within the set deadline.
Specifically, these financial parameters refer to maintaining certain ratios between cash flows linked to financial debt, "consolidated EBITDA" and investments. EBITDA is defined in the facility agreement and indicates consolidated earnings before interest, taxes, depreciation and amortization and provisions and all extraordinary and non-recurring items.

In November 2012, an amendment was negotiated with the three main Lending Banks (MLAs) to the existing Facilities Agreement, based on which the calculation parameters for the Senior Leverage Ratio (SLR) and Senior Interest Coverage (SIC) covenants were renegotiated for the periods ending 31 December 2012, 31 March 2013 and 30 June 2013. With an upward adjustment in EBITDA for an agreed amount, this amendment aims to neutralise the consequences of the two exceptional events that penalised the calculation for the two ratios (the Barcrest episode and the payout level on sports betting in September 2012). The amendment proposal was accepted on 23 November 2012 by the MLAs.

The calculation formulated to apply to the covenants at 30 June 2013 does not fall outside the contract parameters.

SNAI S.p.A. is further obliged to provide its lenders with occasional proof of its financial and economic position, as well as its key performance indicators, in respect of the SNAI Group, regarding inter alia, EBITDA and net financial debt effective from October 2011.

It should be noted that failure to comply with these financial covenants and obligations will result in the deadline benefit for SNAI S.p.A. lapsing.

C. The Market and SNAI's performance

C.1 SNAI's performance in the operational context

SNAI S.p.A. is the main operator in the Italian betting market, and one of the leaders in the national gaming market.

In the first six months of 2013, the Group collected total proceeds from gaming for 2.8 thousand Euro and further extended its supply of sports and horse racing betting and gaming with Slot Machines entertainment devices (AWPs) combined with Video lotteries (VLTs) with the jackpot formula allowing winnings up to 500,000 Euro, remote gaming (GAD) with betting via the internet, on-line poker in tournament and cash game formats, skills games, casino games, bingo and on-line slots.

The Company's activities in the Gaming and Betting sectors are conducted and regulated within the framework of the concessions issued by the Regulatory AAMS Body (Amministrazione Autonoma dei Monopoli di Stato or Independent - State Monopoly Regulatory Authority) based on European calls to tender from time to time.

The betting acceptance network of SNAI Points is the most extensive in Italy, and consists of about 3,500 gaming points; about 3,000 are direct gaming concessions from the Company, and the remainder supplied with specialised services to the Company's concession holders. On this basis, the Company was the confirmed leader in the betting segment with the SNAI branding holding a 30.3% market share for the first half of the year (in terms of gross income) on horse racing betting and 54.8% for sports betting.
At national level during the first half of the year, the sports betting segment reached takings of 1,881.8 million Euro, coming down by 5.6% compared to the same period in 2012.

A further drop was noted in the horse racing betting segment: Totalizator betting and national horse racing dropped by 14.5% compared to the same period in 2012, impacted by the general crisis being experienced by the horse racing sector.

The entertainment devices segment - ADI (AWPs and VLTs) recorded overall net winnings for about 9.4 thousand Euro (2012), with the official figures for 2013 not yet available.

The company has a well-established position in the entertainment machine business (ADI), with takings in the first six months of 2013 amounting to 1.46 million Euro. The installation of the second VLT platform (Novomatic) began in January 2013, to address the drop in the number of collection machines caused by the shutdown of the Barcrest platform in 2012.
Remote Gaming activities for betting, Skill and Casino Games are provided to customers holding a gaming account with the "Snai Card" brand through the Company's website www.snai.it and with the support of the Call Centre and Television services of the companies in the SNAI Group. In the Remote Gaming segment, the Company's own website offers on-line poker in different formats and a number of other games like blackjack, backgammon, the Italian card games *burraco, tresette, biscola, scopa*, solitaire, bingo and dice poker.
The Digital segment has proven a significant vehicle for making SNAI an increasingly multi-platform business.
The start of 2013 saw two important new developments directed at extending the existing range in the Casino segment, which represents a basic component in on-line gaming.
On 08 January 2013, new slots were added to those issued on 03 December 2012, which immediately recorded increases in terms of both volumes and margins.
On 14 January 2013, the first SNAI mobile application was offered to the market, namely roulette in the context of casino games, with immediate and significant interest shown by clients in this respect.
Developments in subsequent months focused mainly on increasing the supply of casino games, especially in the new slot machines' segment.

On-line betting was also extended, with the launch in May 2013 of a new application dedicated to horse racing.

The Company has pursued its strategy based on continuing innovation in services and technologies, enhancing its own know-how, focusing continually on the client and end consumer, significantly optimising processes directed at improving customer satisfaction. In addition, internal restructuring is underway, aimed at improving the Company's focus on the market, with the appointment of skills and professionals in line with business objectives.

Communication tools employed on a periodic basis were improved and extended. These tools include sending out subject-specific communications and the latest news, as well as more in-depth coverage of operating issues in daily activities; newsletters published at various intervals dedicated to the Company's main initiatives, regulatory and technological changes in the sector, as well as events and sponsorships, and participation at the sector national and international trade fairs.

Communications addressed to customers and end users was supported by public relations and press office activities, directed mainly at the media and general public, and then supplemented with editorial projects dedicated to the horse racing and sports betting sectors, as well as support activities for the penetration of Remote Gaming and raising players' awareness regarding lawful and responsible gaming.

C.2 SNAI: market share and takings

C.2.1 Takings at betting acceptance points and SNAI corners

During the first half of 2013, SNAI maintained its leadership in the horse racing and sports betting segment, and as in previous years, again confirmed its position among the leading concession holders for AWPs.

The market share in the horse racing betting segment alone continued to be extremely significant, and in the first six months stood at 54.8%.
Market share in the sports betting segment was at 30.3%. AWPs and VLTs recorded a market share of 6.9% (figure updated at October 2012 - latest available AAMS reference).

Horse racing gaming contracted sharply at national level. This can be attributed to the continuing crisis in the horse racing sector, resulting both in lower payouts compared to other kinds of betting, and the higher tax contribution.
When compared to the same period in 2012 (year when European soccer championship was held), takings from sports betting in the first six months of 2013 dropped by 5.63% due to the lower appeal of the spring events available to bet on.

The close of the first semester in 2013 records overall gaming takings for the SNAI network (betting at the SNAI Points and the interconnected betting acceptance points in the gaming corners of the “Bersani” and “Giorgetti” Network, pools, AWPs, VLTs and remote gaming) stood at 2.8 billion Euro, against the 2.7 billion Euro recorded in 2012.

C.2.2 Horse racing betting (“Horse racing based gaming”)

In the first half of 2013, the horse racing-based betting at the SNAI reference points (betting agencies, shops and corners of the “Bersani” and "Giorgetti" gaming networks) generated 245 million Euro. This was 14.1%% lower than in the same period in 2012 (286 million Euro), but in line with market trends, where the SNAI network is the leader holding a 54.8% market share.
An analysis of takings for “national” horse racing (winner, coupled, Tris, Quarté and Quinté, which can be played both at agencies and Gaming Points) recorded 75 million Euro, with an increase of 15.1% compared to the same period in 2012, thus increasing the market share to 47.95%. With regard to multiple reference horse racing betting, overall takings came in at 6 million Euro, with the fixed odds horse racing betting recording 25 million Euro.

Horse racing betting is subject to deductions (for tax and destined to the horse racing industry), bringing winnings to 70% less than collections, making it less satisfying for betters. The market needs to become more appealing, with tangible information on satellite channels dedicated to horse racing, where the content is managed by the former ASSI - the Authority responsible for managing the entire Italian horse racing sector.
Gaming at horse racing tracks is one of the market segments that need to assert itself more in respect of the other types of gaming available in Italy. It has not reinvented itself and remains behind now with the new gaming formats that have been introduced.

C.2.3 Betting on events other than horse racing (“Sport based gaming”)

Betting on events other than horse racing is represented by bets taken on various disciplines at the Olympics, events relating to motorbikes and cars (Formula 1, Motomondiale, Superbike), and other kinds of events (selection of Miss Italy, Oscars, Festival of Sanremo, television reality shows, etc.).
In this segment, SNAI recorded a drop of 8.8% in the first half of 2013, going from 625.6 million in the same period in 2012 to 570.3 million Euro. Market share on fixed odds betting was 30.3%.

C.2.4 Entertainment devices

With the signing of the new AWP concession agreement on 20 March 2013, the new draft contracts were submitted to AAMS for approval. Once this was obtained, the signing up of operators began and should be completed by 20 September 2013 in accordance with the State Monopolies Regulatory Authority directives.

During the first half of 2013, the Company basically confirmed its presence among national network concession holders, consolidating its share in the VLT segment, with the introduction of the second (Novomatic) platform from January. In the AWP (Amusement With Prize) segment, we note that a significant operator left our network, who is included among the 3 new bidders for the concession agreement. The equipment in question will gradually be replaced. Still in the AWP segment, the Company introduced some self-owned devices at selected SNAI points, with the objective of improving the quality of the product and services offered. Diversification continues at distribution level, with the signing up of local arcades outside the SNAI Points network, with the objective of improving the average yield per device, which is generally higher than average in these locations.
At the close of the period, the Company held about 26,500 operating licences in the AWPs segment, as well as 8,000 for Italy, and held 5,052 operating rights for takings via VLTs, where 4,234 VLTS were installed during this period in 661 premises. The installation of about 800 machines that had not been completed by June is still expected by the end of the period, with most of these placed in Arcades.

The Company revised its organisational structure during this period, introducing Sales and Marketing structures so as to consolidate its productive capacity, its presence throughout Italy and control over distribution. It is expected that the

Company's credibility and professionalism as a sector operator will also be increased, with the appointment of staff with considerable experience in the reference sector.

Several significant agreements have been signed with sector operators, in order to improve quality and productivity at premises over the medium term, continue with the development of AWPs on-line and grow partners' reliability.

Takings recorded 1,457 million Euro at 30 June 2013, compared to 1,366 million Euro for the same period the previous year, with significant growth in VLT takings, with this positive effect partially counteracting the drop recorded for AWPs.
Total revenue for the ADI Division (AWPs & VLTs) came in at 129 million Euro compared to 149 million Euro for the first six months of 2012. The negative trend in takings was caused by the increase in taxation on AWPs and VLTs (AWP PREU from 11.8% to 12.7%, VLT PREU from 4% to 5%). Added to this and as noted previously for takings, the positive result for VLTs compared to last period is offset by the worsening performance in AWPs compared to the first half of last year.

C.2.5 Digital Area

The Digital segment has proven a significant vehicle for making SNAI an increasingly multi-platform business, with a broader range and more diversified products.
In addition to the developments already referred to occurring in January, subsequent months focused mainly on increasing the supply of casino games, especially in the new slot machines' segment.
Further developments are in progress regarding the SNAI portal, so as to improve the customer experience and support a marketing strategy according to client segments.
Investments will be made in product development, especially in respect of mobile applications, in conjunction with focus on the organisation of the area, in terms of both quality and quantity.
There will be increased spending on advertising to support the www.snai.it portal, with the objective of further growing the market.

D. Significant events

D.1 Final awarding of new entertainment devices concession – ADI

On 20 March 2013, the concession agreement was signed for the implementation and operating of lawful on-line gaming based on entertainment and amusement devices, pursuant to article 110, section 6 of the Consolidated Public Safety Act [T.U.L.P.S.], together with the associated activities and functions.

D.2 Television horse racing tender

On 29 January 2013, the Contract was signed between ASSI under temporary administration (merged with MIPAAF) and Teleippica, for the new horse racing TV, effective for six years from the date of activation. The value of the contract is 53,874 thousand Euro, net of minimum annual guaranteed advertising contributions for 144.85 thousand Euro. The new contract came into effect on 29 May 2013.

D.3 Resignation of a member of the Audit and Risks Committee and the CEO -Shareholders' meeting of 26 April 2013

On 29 January 2013, Antonio Casari resigned as a member of the Audit and Risks Committee, while maintaining his appointment to the Board of Directors.
On 13 March 2013, the resignation of the CEO Stefano Bortoli was announced, effective from the conclusion of the Shareholders' Meeting called to approve the 2012 Financial Statements. Due to the resignation, it was resolved at the Shareholder's Meeting to approve the Financial Statements, to automatically dissolve the entire Board of Directors pursuant to article 14 of the Articles of Association, given that three directors appointed by the Shareholders' Meeting had previously also resigned.
On 26 April 2013, the Shareholders' Meeting of SNAI S.p.A. approved the 2012 Financial Statements, together with the distribution of losses. Shareholders appointed the Board of Directors, establishing the number of members and their relevant remuneration for the three-year period 2013-2015, in other words until the Shareholders' Meeting called to approve the 2015 Financial Statements. Giorgio Sandi was confirmed as Chairman of the Board of Directors and appointed as CEO.

D.4 Malfunctioning Barcrest VLT platform (16 April 2012) - *Disputes relating to the entertainment device business: formal notice from AAMS for alleged breaches in the operation of the interconnection on-line network*

The claim relating to the cancellation of the Concession concluded with the order under protocol no. 2013/8342/Giochi/ADI that was served on the Company on 22 February 2013, according to which on the basis of the remarks and documentation made available by the Company and the outcome of the audit and inspection done, AAMS stated that it would not need to cancel the Concession, and limited the order to applying certain standard penalties, which amounted to a total of about 1.5 million Euro. A provision was made for the penalty in the balance sheet ended 31 December 2012. In its letter protocol no. 2013/2070/Giochi/ADI dated 11 June 2013, and notified on 18 June 2013, AAMS informed SNAI that a penalty of Euro 1,465,000.00 was being imposed, setting payment for within 60 (sixty) days from the serving of notice. SNAI shall make payment within the deadline.

D.5 Minimum guarantees

With judgment no. 1054 filed on 30 January 2013, the II Section of the TAR in Lazio accepted the objections of unconstitutionality proposed by SNAI regarding the provisions of Italian Legislative Decree no. 16/2012, ordering the suspension of the order and referred the matter to the Constitutional Court; at the same time, it held that the original case proposed against the first demands from January 2012 could not proceed due to the lack of legal standing.
The protection measures in place with the suspended order in respect of SNAI continue to operate for the entire duration of the Constitutional Court case, not permitting AAMS to enforce the disputed orders. The hearing before the Constitutional Court was set for 08 October 2013.

On 06 June 2013, SNAI was notified of 98 demands for payment for the supplement to the minimum guarantees referring to 2012 for a total of Euro 3,328,018.72. As in the previous instances, SNAI will appeal these before the TAR in Lazio, asking for their cancellation.

D.6 Reinstatement of business at Sesana di Montecatini Terme race track

During the first half of the year, the Company disposed of the unprofitable business at the training centre of the Montecatini Terme race track, and suspended racing from April until 29 June 2013, when night races resumed, and the only the race track activity was reinstated until the end of September. Applying a “Private-Public” formula, and working together with the local administrators, SNAI went ahead with the trial opening of the trotting course in Sesana for the summer season, in this way launching a positive signal of willingness to the whole horse racing segment, in marked contrast with the closure of other Italian race tracks.

D.7 Entertainment devices – PREU 2010

On 02 January 2013, SNAI received an additional PREU settlement agreement relating to 2010, which on the one hand consisted of a credit for SNAI due to the excess PREU paid for Euro 21,947.21, and on the other, penalties reduced to Euro 2,933,107.07 and interest for 478,809.97 for late payments.
On 31 January 2013, SNAI submitted its remarks aimed at rectifying the calculations contained in the amicable settlement letter. A provision was made for the penalty in the balance sheet ended 31 December 2012.
On 27 June 2013, SNAI received the final demand for the 2010 PREU, with Euro 478,743.04 for interest and Euro 2,932,904.43 for reduced penalties. SNAI has applied for payment by instalments.

D.8 Tender for assigning 2000 new rights for sporting and horse racing stores

On 29 May 2013, the final list of bidders was published for the concession holders to operate public gaming pursuant to article 10, section 9 (8) of Italian Legislative Decree no. 16 of 02 March 2012, converted with amendments in to Law no. 44 of 26 April 2012, with SNAI S.p.A. included for a total of 278 permits. On 03 July 2013, SNAI filed the required documentation with ADM and the signing of the concession agreement is currently pending.

D.9. Odds on 02.10.2012

In three cases players made claims to the Commission regarding gaming transparency with AAMS, claiming payment of their winnings. In its decision no. 4/2013, no. 5/2013 and no. 6/2013 on 29/04/2013, the Commission accepted the claims.
Considering the nature and characteristics of the AAMS orders, SNAI decided not to challenge them, but it is assessing the possibility of pre-empting action before the Judicial Authorities in order to obtain a negative ruling regarding the obligation to pay the parties that have made a claim (for further details, reference is made to note 28 in the Explanatory Notes to the Interim Abridged Consolidated Financial Statements).

D.10 IV AAMS penalty

On the 20 February 2013, the public hearing on merit was held, and on 17 June 2013 judgment no.6028/2013 was filed based on which the Second Section of the TAR of Lazio accepted SNAI's petition, and duly cancelled the AAMS order imposing the penalty.
With letter protocol no. 2012/7455/Giochi/ADI dated 17/02/2012 and received on 27/02, AAMS imposed the penalty against SNAI relating to the combined provisions under art. 27, section 3, point b) of the concession agreement and paragraph 2 of its Annex 3, referring to the alleged breach of gateway (GWA) service levels between July 2005 and March 2008, for a total amount of Euro 8,408,513.86.

E. Directors' assessment regarding business continuity requirements

The Interim Abridged Consolidated Financial Statements for the SNAI Group at 30 June 2013 present a loss of Euro 4.3 million, a total loss of Euro 1.8 million, net equity of Euro 162.4 million, and net financial exposure of Euro 346.8 million. Financial charges during the first half of 2013 amounted to Euro 20 million. At 31 December 2012, the Group had recorded a loss of Euro 42.6 million (with financial charges for Euro 45 million), net equity amounted to Euro 164.2 million and net financial exposure stood at Euro 369.6 million.

The close of the first semester 2013 presented an EBITDA before non-recurring costs that was better than forecasts for the period, due to: i) the increase in revenues deriving from sports betting and a favourable payout of 77.2% against 82.4% in the first half of 2012 ii) the increase in revenues and margins generated by VLTs section iii) the increased performance in skill games, which has grown both in terms of revenue and market shares iv) the reduction in earnings from the AWP attributable largely to the lower number of equipment for takings due to a significant operator leaving our network, who is included among the 3 new bidders for the concession agreement. The equipment in question will gradually be replaced. Results have also come in higher than expected for the period.

With the financial debt renegotiation process successfully concluded in March 2011, the Group has secured the continuity of the financial means required to support its development plans.

The Directors therefore believe that the development and expansion of the Group's core business will make it possible to reach a position of economic balance and generate adequate cash flows.

Furthermore, on a number of occasions, it has been noted that the Group's ability to achieve this balanced position is also associated with it having reached operating and financial-economic results that are essentially in line with those included in the business forecasts. In this regard, the Directors are well aware that the strategic objectives identified and represented in the 2013 Budget and 2014-2015 guidelines prepared for the purposes of assessing the Financial Statements, present inevitable uncertainties due to the randomness associated with staging future events and the characteristics of the reference market, which could have negative effects on the Group's ability to realise future financial flows, and based on which, inter alia, the main assessments were made in preparing these Interim Financial Statements. Nonetheless, the Directors believe that the strategic objectives referred to above are reasonable.

Based on all the considerations outlined above, the Directors believe that the Group has the ability to continue its operations into the foreseeable future, and has therefore prepared these Financial Statements based on the assumption of the Group as an ongoing concern.

F. Description of main risks and uncertainties the Company and companies included in consolidation are exposed to

F.1 DESCRIPTION OF RISKS

Pursuant to the provisions of article 154-ter of Italian Legislative Decree 58/98, the Group's exposure to risks and uncertainties for 2013 are detailed below. It should firstly be pointed out that the Group has always paid careful attention to preventing risks of any kind, which could damage operating results and the integrity of Company assets.

Specifically, in respect of the horse racing and sports betting segment, the Group is operating the localisation and activation of the "Bersani" and "Giorgetti" points, which will make it possible to challenge the competition in the sector, and increase business over future years and periods.
The Company participated in the tender for the assigning of new rights for sports and horse racing stores, which also makes provision to replace concessions expiring on 30.6.2012 (currently being extended) with new points being allocated based on the conditions set in the tender. The allocation of rights phase at 30/06/2013 has been completed. On 03 July 2013, we presented the sureties required by the tender, and paid 14,119,902 Euro to acquire 278 sports and horse racing rights. On the same date, the Customs and Monopoly Regulatory Authority assigned concession no. 4501 and the codes to associate with the 278 rights. The concession agreement is currently being prepared.

With regard to the VLT and AWP segment, on 13 November 2012 SNAI was awarded the final concession for network operating, and having complied with the documentation required, signed the concession agreement on 20 March 2013. The distribution strategy is also being reviewed based on market studies and research, which will maximise the profitability of each single device, with the reallocation of devices inside individual point of sale, making it possible to increase product profitability, and limit the risks resulting from the cannibalisation of VLTs (being activated), and attracting the customers' attention.

The Company is closely monitoring the development of the VLT segment, where the business was initiated during 2012 with the increase in gaming terminals installed. The direct business areas are involved in monitoring the platform's progress, where new software and hardware were recently installed, and in searching for new business partners, with the objective of:

- increasing the number of operating VLTs;
- monitoring the projection and potential of each device in relation to the place it is installed;
- reduce cannibalisation of VLTs to a minimum in relation to AWPs, with careful planning of VLT handling on installation, in relation as already stated, to the number of AWPs already operational.

During the first six months of 2013, more activity was focused on Skill games, which recorded a significant increase. The on-line slots activity that began at the end of 2012 was further developed during the first half of 2013.
On 18 February 2013, the Customs and Monopoly Regulatory Authority authorised the start-up of procedures for taking bets on virtual events. On 13 April 2013, we submitted the technical report to the Customs and Monopoly Regulatory Authority, which is being examined by the Authority, to obtain approval for our platform and then proceed with the technical-functional compliance inspection. The virtual events business is expected to start up towards the end of 2013.

After renegotiating its debt, in March 2011 the Company had signed a hedging agreement to reduce its exposure to fluctuations in interest rates, which consequently impacted on financial charges.

As far as exchange risk fluctuations go, the Group is not subject to foreign currency exchange risks because it only operates nationally.

For further information on financial risks, reference is made to the supplementary note regarding IFRS 7. In respect of the risk of failed compliance with rules and regulations, in addition to what has been set out above, the Company believes it controls this risk with an adequate organisational structure.

The Group deems a system of well-defined policies, processes and controls to be fundamental for effectively managing the main risks detailed below, which it faces and monitors:

Market risk
Market risk is the risk that fluctuations in interest rates will impact negatively on the value of the assets and liabilities.
A portion of the Group's debt portfolio is exposed to changes in market interest rates. Interest rate changes generally do not have a significant impact on the fair value of these debts, but might have a significant effect on the Group's operating results, business activities, financial position and outlook.

Credit risk
Credit risk is the risk of financial losses arising from a client or counterparty not complying with their contractual obligations. A significant portion of the Group's revenue originates from the concessions granted by the Customs and Monopoly Regulatory Authority (AAMS), with the consequent concentration of credit risk exposure in relation to groups of customers.
Management believes that a significant part of its activities and profitability will continue to depend on the AAMS concessions into the future.

Liquidity risk
Liquidity risk is the risk of experiencing a shortage of adequate sources of financing for the Group's businesses. The Group's ability to maintain existing contracts until their renewal date and invest in new contract opportunities depends on its ability to access new sources of capital to finance these investments.

Country risk
Country risk is the risk that changes in the regulations, laws or economy of a country in which the Group operates will have an adverse impact on planned performance; the Group operates a national business and generates all its income from operations in Italy.
The risks connected with the Group's operations arise in particular from more regulations being imposed by government in the gaming sector and physical and on-line betting segments, and from controls and restrictions on transactions in cash or on-line, and the possibility of political instability. Other economic risks for the Group's national activity may include inflation, high interest rates, default on debt, unstable capital markets and restrictions on direct investments. The political risks include a change in leadership or government policies, as well as new regulatory controls on the country's domestic cash flow, the government's inability to honour its existing contracts, changes in tax and anti-corruption laws, as well as risk aversion.

Operational risk
Operating risk is the risk that external events or internal factors will translate into losses. The Group's Concessions in Italy: certain contracts and various service agreements often require providing collateral or performance bonds, respectively, to guarantee performance under such agreements and require the Group to pay compensation for damages in the case of a breach in the contract. The accounts payable resulting from these guarantees and the compensation for damages may have adverse effects on the Group's earnings in its transactions, business, financial positions and outlook.

F.2. DESCRIPTION OF UNCERTAINTIES

Judicial proceedings
Given the nature of its business, the Group is involved in a series of legal, regulatory and arbitration proceedings, which involve inter alia, potential assets and liabilities, in addition to injunctions brought by third parties arising from conducting its normal operations. The results of these procedures and similar proceedings cannot be foreseen with a degree of certainty. Adverse outcomes to these proceedings or significant delays in decisions could have a negative effect on the Group's business, its financial position and operating results. Reference is made to paragraph 28 "Provision for future risks and charges, disputes and potential liabilities" in the Explanatory Notes to the Abridged Consolidated Interim Financial Statements regarding the main disputes and potential liabilities.

Relations with the Government
The Group's activities are subject to extensive and complex governmental regulations, which provide rules governing the personal standing of directors, managers, main shareholders and key employees. The Group believes that it has put in place

procedures directed at meeting these regulatory requirements. Nonetheless, any breach on the part of the Group in complying or attaining the necessary standing could result in the Regulatory Authorities attempting to limit the Group's business.
The bankruptcy of any company in the Group or the malfunctioning of any system or machine, the obtaining or maintaining of a concession or application for an authorisation could have a negative effect on the Group's ability to obtain or maintain the required concessions and approvals. Possible prejudicial events could also have a significant negative impact on the Group's operating results, businesses or outlook. In addition, there have been various audits conducted, and more could be conducted into the future. There have also been inspections to check for possible violations relating to tenders and the awarding of contracts. These checks are generally conducted in secret, with the Group not always necessarily aware of its involvement. The Group's reputation for integrity is an important factor with regard to the relations it conducts with the concession authorities: an accusation or suspicion of unlawful misconduct attributable to the Group or an extensive audit may have a material negative impact on the Group's operating, economic and financial performance, as well as its ability to maintain existing concessions and contracts, or to secure new contracts or renewals. Furthermore, the negative publicity caused by these proceedings could have a material impact on the Group's reputation, operating result, economic and financial conditions, as well as its future outlook.

G. Relations with Related Parties

The Board of Directors prepares an annual report on Corporate Governance and ownership structures pursuant to article 123-bis of the Consolidated Financial Law (TUF), which provides, inter alia, disclosures of any transactions with related parties approved by the Board of Directors on 29 November 2010, in accordance with the provision relating to operational requirements with related parties adopted by Consob with resolution no. 17221 of 12 March 2010, subsequently amended with resolution no. 17389 of 23 June 2010.

Note 33 in the Explanatory Notes to the Abridged Interim Consolidated Financial Statements also provides a detailed description of the relationships with related parties that are recorded in the Balance Sheet, Income Statement and financial commitments of the SNAI Group and SNAI S.p.A..

H. Human resources and industrial relations

At 30.06.2013, the SNAI Group employed 749 people, with an increase of 18 compared to the end of the 2012 period.
This increase can be attributed largely to the stabilisation resulting from the direct appointments of staff that were previously employed with a fixed-term contract and the implementation of core business structures.
The staff component can be subdivided as follows:

SNAI Group	**30.06.2013**	**30.06.2012**	**31.12.2012**
Managers	**21**	**19**	**20**
Employees and middle managers	**656**	**663**	**633**
Workers	**72**	**90**	**78**
Total employees	**749 (*)**	**772 (**)**	**731 (*)**

* of which 171 part-time and 14 on maternity leave
* of which 173 part-time and 17 on maternity leave
* of which 153 part-time and 15 on maternity leave

The Parent Company SNAI S.p.A. adopts the National Collective Labour Contract [C.C.N.L.] for "Workers employed in the private metalworkers and plant installation industry", the Collective Labour Contract for Commerce and supplementary protocol for horse racing agencies find application for staff in the directly managed shops.
The operating company Festa S.r.l. is governed by the C.C.N.L. for Commerce for the head office in Rome, for sale of goods and services by telephone on behalf of third parties, and a company agreement for outbound activities. The C.C.N.L. for private radio-television applies to Teleippica S.r.l.
The company operating in the horse racing sector applies the National Collective Labour Contact for racing companies, and as from last January also applies the "*Agreement governing staff responsible for taking and paying out betting, at the entrances and various services at horse racing tracks, concurrently to racing races or other events held within the horse racing tracks*".
It should be remembered that the organisational model consists of the following documents: Code of Ethics and Conduct, Organisational Model, Mission Statement and Management Procedures.

I. Health and safety in the workplace article 2428 Italian Civil Code

The SNAI Group has put in place suitable measures to protect health and safety in the workplace, with the application of the customary procedures (risks assessment, health monitoring program) and the support of the relevant professional appointments (Managers, Safety Officers, Company Doctor and Prevention and Protection Officers pursuant to Italian Legislative Decree 81/2008).

The prevention of working risks is a basic principle that the Company focuses on, and represents an opportunity to improve the quality of life in the office and workplaces in general; in this regard, in 2012 SNAI once again paid special attention to information and training, aimed at managing emergencies, fire-fighting procedures, first aid and the prevention of industrial accidents, involving staff at all levels in the various structures.

J. Changes in Management and events subsequent to the close of the period

J.1 Changes in Management and update on business plans

Forecast business outlook

The Group's strategic objective is to maintain its position as market leader in the betting sector. This will also be achieved through new instruments offered by the operating technology platforms on mobiles, and increasing market share in the gaming sector. The Group has the necessary resources available to reach these objectives, both in terms of capital and know-how.
The Group intends making all the VLT machines it holds permits on, operational as soon as possible; with regard to the AAMS order cancelling the compliance certificate for the Barcrest gaming system, the Group has signed a supply contract with a new supplier, namely the Novomatic Group. The platform was activated in mid January 2013. By the end of June, there were 4,234 VLTs installed at 661 locations. The installation of about 800 machines that had not been completed by June is still expected by the end of the period, with most of these placed in Arcades, where a higher than average return per device is expected.

In 2012, the Group also made available an application for mobile devices (Apple and Android), allowing players to place sports bets via their smartphone or tablet. Initial results regarding this innovation appear extremely significant. In January 2013, the first SNAI mobile application was offered to the market, namely roulette in the context of casino games, with clients showing great interest. Another development in casino games was the launch of the new on-line slots, which differ from those launched on the market in December 2012, and immediately generated an increase in volumes and margins. On-line betting was also extended, with the launch in May 2013 of a new application dedicated to horse racing.

The Group intends developing further in the AWP sector, with the availability of new state-of-the-art devices, owned directly or by third parties.

Status report on business plan

The 2011-2014 business plan approved by the Board of Directors at the meeting on 23 March 2011 was based on:

- developing the fixed-odds sports betting and horse racing segments as a concession holder and service provider, in keeping with the strategic approach defined in 2006;
- launching and developing the VLT segment: based on the provisions of the "Abruzzo Decree", VLT terminals were launched on the Italian market, authorising existing concession holders operating the network and the devices referred to under subsection 6a (AWP) to use these terminals. The SNAI Group acquired 5,052 permits at a cost of 76 million Euro, which has been fully paid;
- launching and developing virtual racing, permitted for on-line concession holders of the Bersani network, such as casino games and cash games business within the framework of developing a wider range of Remote Gaming.

At its meeting on 29 January 2013, the Board of Directors approved the 2013 Budget, focusing on the direction of development and growth for the Group outlined above. Specifically, the objective of completing the installation of all the VLT machines was confirmed, where SNAI obtained the concession (5,052 licences). The VLT business is in point of fact the fastest-growing sector, with high growth levels and could significantly contribute to improving the Group’s profitability.

Other areas include optimising the distribution network with segmenting of gaming premises, and realising their full potential.
Additional growth is also forecast in the on-line products, with the objective of making the most of the development potential, leveraging on possible synergies with physical gaming.

The last quarter of 2013 should also see the launch of games related to virtual events.

The close of the first semester 2013 presented an EBITDA before non-recurring costs that was better than forecasts for the period, due to: i) the increase in revenues deriving from sports betting and a favourable payout of 77.2% against 82.4% in the first half of 2012 ii) the increase in revenues and margins generated by VLTs section iii) the increased performance in skill games, which has grown both in terms of revenue and market shares iv) the reduction in earnings from the AWP attributable largely to the lower number of equipment for takings due to a significant operator leaving our network, who is included among the 3 new bidders for the concession agreement. The equipment in question will gradually be replaced.
Results have also come in higher than expected for the period.

J.2 Events subsequent to close of period

No significant events occurred after the close of the period.

K. Other disclosures

K.1. Other disclosures pursuant to art.2428 Italian Civil Code and art. 40 Legislative Decree 127 (2428 Civil Code)

The Company does not own shares in the holding Company, either directly or indirectly, through companies in the SNAI Group or trust companies or intermediaries.
No transactions to buy or sell shares took place during the first half of 2013.
Neither SNAI S.p.A. nor any other company in the SNAI Group have ever granted any loan or provided any guarantee whether directly or through an intermediary for the purchase or negotiation of shares in SNAI S.p.A. or its controlling entity.
SNAI S.p.A. and other companies in the Group are not subject to specific currency exchange rate fluctuation risks.
The Company is extremely sensitive to interest rates, given that its funding contracts and cash commitments are pegged to the three month Euribor rate. The SNAI Group has underwritten derivative contracts to hedge these risks.
The SNAI Group manages commercial risks relating to its customers internally.

K.2 Option of national tax consolidation regimen

During June 2012, the executive bodies of SNAI S.p.A., Festa S.r.l., Immobiliare Valcarenga S.r.l. and Teleippica S.r.l. renewed their three-year option to seek recourse to the "national tax consolidation" regiment pursuant to the articles of Italian Presidential Decree no. 917 of 22 December 1986 and subsequent amendments.

On 11 June 2013, TRENNO S.r.l. also renewed its option for tax consolidation for another 3 years.

for the Board of Directors
Giorgio Sandi
(Chairman and CEO)

Milan, 31 July 2013

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Pursuant to section 5, art. 154 bis of the Consolidated Financial Act, the officer in charge of preparing the company's accounting documents, Marco Codella declares that the accounting disclosure provided in this document corresponds with the Company's documents, registers and accounting records.

Abridged Interim Consolidated Financial Statements at 30.06.2013

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

Milan, 31 July 2013

SNAI GROUP - Consolidated Comprehensive Income Statement

figures in thousands of Euro	Notes	I Semester 2013	of which Related Parties note 33	of which non recurring note 35	I Semester 2012	of which Related Parties note 33	of which non recurring note 35
Revenue from sales and services	4	252,300	30		263,042	210	
Other revenue and income	5	672	3		779	57	
Variation inventories finished and semi-finished products	18	1			(3)		
Raw and consumable materials used	6	(868)	(3)		(663)		
Costs for services and use of third-party assets	7	(169,467)	(516)		(196,201)	(9,255)	
Staff costs	8	(19,149)			(17,956)		
Other operating expenses	9	(19,730)	(9)	(2,962)	(15,063)		
Capitalised costs of internal works	10	474			382		
Results pre amortisations, depreciations, fin. income/charges, taxes		**44,233**			**34,317**		
Amortizations and depreciations	11	(25,869)			(32,779)		
Other provisions	28	(292)			(274)		
Results pre financial income/charges, taxes		**18,072**			**1,264**		
Income and charges from shareholdings		(118)			2,198		
Financial income		739			486	17	
Financial charges		(19,966)			(19,434)		
Total financial income and charges	12	**(19,345)**			**(16,750)**		
BEFORE TAX RESULT		**(1,273)**			**(15,486)**		
Income tax	13	(2,998)			4,487		
Profit (loss) for the period		**(4,271)**			**(10,999)**		
Total other items of comprehensive Income Statement that will not subsequently be reclassified in the profits (loss) for the period net of taxes		**0**			**0**		
Net (loss)/profit from derivative instruments covering cash flows (cash flow hedges)		2,491			(2,264)		
Total other items of comprehensive Income Statement that will subsequently be reclassified in the profits (loss) for the period net of taxes		**2,491**			**(2,264)**		
Total profit (loss) of comprehensive Income Statement net of taxes	24	**2,491**			**(2,264)**		
Total profit (loss) for the period		**(1,780)**			**(13,263)**		
Attributable to:							
Profit (loss) for the period pertaining to the Group		(4,271)			(10,999)		
Profit (loss) for the period pertaining to Third Parties		0			0		
Total profit (loss) for the period pertaining to the Group		(1,780)			(13,263)		
Total profit (loss) for the period pertaining to Third Parties		0			0		
Basic profit (loss) per share in Euro	25	(0.04)			(0.09)		
Diluted profit (loss) per share in Euro	25	(0.04)			(0.09)		

SNAI GROUP - Consolidated Income Statement

figures in thousands of Euro	**Notes**	**II Semester 2013**	**II Semester 2012**
Revenue from sales and services	4	109,043	125,981
Other revenue and income	5	366	(3,156)
Variation inventories finished and semi-finished products	18	1	(3)
Raw and consumable materials used	6	(283)	(240)
Costs for services and use of third-party assets	7	(79,356)	(97,099)
Staff costs	8	(9,888)	(9,918)
Other operating expenses	9	(10,807)	(8,631)
Capitalised costs of internal works	10	225	191
Results pre amortisations, depreciations, fin. income/charges, taxes		**9,301**	**7,125**
Amortizations and depreciations	11	(13,327)	(16,566)
Other provisions	28	(39)	(274)
Results pre financial income/charges, taxes		**(4,065)**	**(9,715)**
Income and charges from shareholdings		(115)	2,187
Financial income		470	195
Financial charges		(10,028)	(9,492)
Total financial income and charges	12	**(9,673)**	**(7,110)**
BEFORE TAX RESULT		**(13,738)**	**(16,825)**
Income tax	13	2,049	5,640
Profit (loss) for the period		**(11,689)**	**(11,185)**
Total other items of comprehensive Income Statement that will not subsequently be reclassified in the profits (loss) for the period net of taxes		**0**	0
Net (loss)/profit from derivative instruments covering cash flows (cash flow hedges)		1,316	(1,022)
Total other items of comprehensive Income Statement that will subsequently be reclassified in the profits (loss) for the period net of taxes		**1,316**	**(1,022)**
Total profit (loss) of comprehensive Income Statement net of taxes	24	**1,316**	**(1,022)**
Total profit (loss) for the period		**(10,373)**	**(12,207)**
Attributable to:			
Profit (loss) for the period pertaining to the Group		(11,689)	(11,185)
Profit (loss) for the period pertaining to Third Parties		0	0
Total profit (loss) for the period pertaining to the Group		(10,373)	(12,207)
Total profit (loss) for the period pertaining to Third Parties		0	0
Basic profit (loss) per share in Euro	25	(0.10)	(0.10)
Diluted profit (loss) per share in Euro	25	(0.10)	(0.10)

Reference is made to note 33 "Related parties" for transactions with related parties.

SNAI Group - Consolidated statement of asset - financial position

figures in thousands of Euro	Notes	30.06.2013	of which Related Parties note 33	31.12.2012	of which Related Parties note 33
ASSETS					
Non-current assets					
Owned property, plant and equipment		139,600		134,819	
Finance leased assets		13,401		17,294	
Total Tangible Fixed Assets	14	**153,001**		**152,113**	
Goodwill		231,531		231,531	
Other intangible assets		136,935		151,409	
Total Intangible Fixed Assets	15	**368,466**		**382,940**	
Equity-valued shareholdings		3,146		3,264	
Shareholdings in other companies		46		46	
Total equity investments	16	**3,192**		**3,310**	
Advance taxes	17	63,532		63,879	
Other non-current assets	20	2,511		2,341	
Total non-current assets		**590,702**		**604,583**	
Current assets					
Inventory	18	3,000		3,384	
Trade receivables	19	87,200		91,837	128
Other assets	20	19,061		36,364	3
Current financial assets	21	20,113		10,249	
Cash and cash equivalents	22	30,248		11,010	
Total current assets		**159,622**		**152,844**	
TOTAL ASSETS		**750,324**		**757,427**	
LIABILITIES AND NET EQUITY					
Group net equity					
Share capital		60,749		60,749	
Reserves		105,971		146,040	
Profit (loss) for the period		(4,271)		(42,560)	
Total Group Net Equity		**162,449**		**164,229**	
Third parties net equity					
Total net equity	23	**162,449**		**164,229**	
Non-current liabilities					
Severance indemnity	26	4,638		5,190	
Non-current financial liabilities	27	323,084		344,436	
Deferred taxes	17	50,232		48,150	
Provisions for future risks and charges	28	16,688		25,136	
Various payables and other non-current liabilities	29	1,384		1,951	
Total non-current liabilities		**396,026**		**424,863**	
Current liabilities					
Trade payables	30	39,127	339	44,239	258
Other liabilities	29	98,727	6	87,901	6
Current financial liabilities		25,806		20,095	
Current portions of long-term loans		28,189		16,100	
Total financial liabilities	27	**53,995**		**36,195**	
Total current liabilities		**191,849**		**168,335**	
TOTAL LIABILITIES AND NET EQUITY		**750,324**		**757,427**	

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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	Earnings (losses) carried	Earnings for year	Total Net	Total Net	Total Net
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				(41,559)			(1,235)	40,324	0		0
Earnings (loss) for the year								(10,999)	(10,999)		(10,999)
Total other earnings /(losses)					(2,264)				(2,264)		(2,264)
Total earnings as of 30.06.2012		0	0	0	(2,264)	0	0	(10,999)	(13,263)		(13,263)
Balance as of 30.06.2012		**60,749**	**1,559**	**154,345**	**(6,234)**	**0**	**(2,333)**	**(10,999)**	**197,087**	**0**	**197,087**
	Notes	Share capital	Legal reserve	Share reserve	Cash Flow Hedge Reserve	TFR Reserve (IAS 19)	Earnings (losses) carried	Earnings for year	Total Net	Total Net	Total Net
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			(46,063)			4	42,560	0		0
Earnings (loss) for the year								4,271	(4,271)		(4,271)
Total other earnings/ (losses)	24				(2,491)	0			2,491		2,491
Total earnings as of 30.06.2013		0	0	0	(2,491)	0	0	(4,271)	(1,780)		(1,780)
Balance as of 30.06.2013		**60,749**	**1,559**	**108,282**	**(4,329)**	**(508)**	**967**	**(4,271)**	**162,449**	**0**	**162,449**

SNAI Group - Consolidated Cash Flow Statement

	figures in thousands of Euro	Notes	30.06.2013	of which Related Parties note 33	30.06.2012	of which Related Parties note 33
A.	**CASH FLOW FROM OPERATIONS FOR THE PERIOD**					
	Group profit (loss) for the period		(4,271)		(10,999)	
	Third parties' profit (loss) for the period		0		0	
	Amortizations and depreciations	11	25,869		32,779	
	Net change in receivables (payables) for prepaid (deferred) taxes	17	1,484		(5,385)	
	Change in provision for risks	28	(8,448)		(1,273)	
	Capital gains (losses) on non-current asset disposals (including equity investments)		61		224	
	Portion of results from equity investments valued net equity method (-)	12	118		(2,198)	
	Net change in non-current trade assets and liabilities and others and other changes	20-29	(737)		(2,391)	
	Net change in current trade assets and liabilities and others and other changes	18-19-20-30-29	28,038	212	18,556	7,985
	Net change in severance indemnity	26	(552)		(446)	
	CASH FLOW GENERATED (ABSORBED) BY OPERATIONS (A)		**41,562**		**28,867**	
B.	**CASH FLOW FROM INVESTMENTS**					
	Investments in tangible assets (-)	14	(10,546)		(7,674)	
	Investments in intangible assets (-)	15	(1,822)		(1,008)	
	Investments in other non-current assets (-)	16	0		0	
	Acquisition of shareholdings in subsidiaries, net of acquired cash and cash equivalents		0		0	
	Proceeds from disposal of tangible, intangible and other non-current assets		24		19	
	CASH FLOW GENERATED (ABSORBED) BY INVESTMENTS (B)		**(12,344)**		**(8,663)**	
C.	**CASH FLOW FROM FINANCING**					
	Change in financial receivables and other financial assets	21	(9,864)		249	
	Change in financial liabilities	27	(4,403)		(25,194)	
	Repayment of financing	27	(4,600)		0	
	Establishing/payment of financing	27	9,000		3,000	
	Change in deferred payables to PAS from acquisition of concessions business units	27	(113)		(331)	
	CASH FLOW GENERATED (ABSORBED) FROM FINANCING (C)		**(9,980)**		**(22,276)**	
D.	**CASH FROM DISPOSED /INTENDED FOR DISPOSAL ASSETS (D)**					
E.	**TOTAL CASH FLOW (A+B+C+D)**		**19,238**		**(2,072)**	
F.	**NET INITIAL CASH AND CASH EQUIVALENTS (NET INITIAL FINANCIAL DEBT)**		**11,010**		**40,282**	
G.	**NET EFFECT OF FOREIGN CURRENCY CONVERSIONS ON CASH**					
H.	**NET FINAL CASH AND CASH EQUIVALENTS (NET FINAL FINANCIAL DEBT) (E+F+G)**	**22**	**30,248**		**38,210**	
	RECONCILIATION OF NET FINAL CASH AND CASH EQUIVALENTS (NET FINAL FINANCIAL DEBT)					
	CASH AND CASH EQUIVALENTS NET OF SHORT TERM FINANCIAL DEBT AT START OF PERIOD, AS FOLLOWS:					
	Cash and cash equivalents		11,010		40,282	
	Bank overdrafts					
	Discontinued operations					
			11,010		**40,282**	
	CASH AND CASH EQUIVALENTS NET OF SHORT TERM FINANCIAL DEBT AT END OF PERIOD, AS FOLLOWS:					
	Cash and cash equivalents		30,248		38,210	
	Bank overdrafts					
	Discontinued operations					
			30,248		**38,210**	

The interest payable paid in the first half of 2013 amounted to about 11,540 thousand Euro (9,857 thousand Euro in first half of 2012).
The taxes paid in the first half of 2013 amounted to about 103 thousand Euro (270 thousand Euro in first half of 2012).

INTERIM FINANCIAL REPORT AT 30 JUNE 2013

NOTES ON THE ABRIDGED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Relevant accounting principles

Consolidation area
SNAI S.p.A. (hereafter the “Parent Company”) has its registered offices in Porcari (LUCCA) – Italy – at Via Luigi Boccherini, 39. Annex 1 contains the composition of the SNAI Group.

The Consolidated Financial Statements of the SNAI Group at 30 June 2013 includes the Financial Statements of SNAI S.p.A. and the following subsidiaries, which were consolidated using the line-by-line method:

- Società Trenno S.r.l. Single member company
- Festa S.r.l. Single member company
- Immobiliare Valcarenga S.r.l. Single member company
- SNAI Olè S.A.
- SNAI France S.A.S.
- Teleippica S.r.l. Single member company

There were no changes to the consolidation area compared to 31 December 2012.

The Financial Statements included in the consolidation area all have their financial year end at 31 December, corresponding with the Parent Company's year end. These Financial Statements were appropriately reclassified and adjusted to standardise them to the IFRS accounting principles and assessment criteria used by the Parent Company (reporting package). These Financial Statements and reporting package were approved by the respective Boards of Directors.

The Consolidated Financial Statements at 30 June 2013 were approved by the Parent Company's Board of Directors at the Board meeting held on 31 July 2013 and are therefore authorised for publication in compliance with the Law.

Seasonal trends
With regard to the seasonal trends in the business, it is noted that the business is not subject to specific fluctuations, although usually with the sporting events and especially soccer during the first and fourth quarter of the year, betting is higher than in the other quarters.

1.1 Directors' assessment regarding business continuity requirements

The Interim Abridged Consolidated Financial Statements for the SNAI Group at 30 June 2013 present a loss of Euro 4.3 million, a total loss of Euro 1.8 million, net equity of Euro 162.4 million, and net financial exposure of Euro 346.8 million. Financial charges during the first half of 2013 amounted to Euro 20 million. At 31 December 2012, the Group had recorded a loss of Euro 42.6 million (with financial charges for Euro 45 million), net equity amounted to Euro 164.2 million and net financial exposure stood at Euro 369.6 million.

The close of the first semester 2013 presented an EBITDA before non-recurring costs that was better than forecasts for the period, due to: i) the increase in revenues deriving from sports betting and a favourable payout of 77.2% against 82.4% in the first half of 2012 ii) the increase in revenues and margins generated by VLTs section iii) the increased performance in skill games, which has grown both in terms of revenue and market shares iv) the reduction in earnings from the AWP attributable largely to the lower number of equipment for takings due to a significant operator leaving our network, who is included among the 3 new bidders for the concession agreement. The equipment in question will gradually be replaced.
Results have also come in higher than expected for the period.

With the financial debt renegotiation process successfully concluded in March 2011, the Group has secured the continuity of the financial means required to support its development plans.

The Directors therefore believe that the development and expansion of the Group's core business will make it possible to reach a position of economic balance and generate adequate cash flows.

Furthermore, on a number of occasions, it has been noted that the Group's ability to reach this balanced position is also associated with it having reached operating and financial-economic results that are essentially in line with those included in the business forecasts. In this regard, the Directors are well aware that the strategic objectives identified and represented in the 2013 Budget and 2014-2015 guidelines prepared for the purposes of assessing the Financial Statements, present inevitable uncertainties due to the randomness associated with staging future events and the characteristics of the reference market, which could have negative effects on the Group's ability to realise future financial flows, and based on which, inter alia, the main assessments were made in preparing these Interim Financial Statements. Nonetheless, the Directors believe that the strategic objectives referred to above are reasonable.

Based on all the considerations outlined above, the Directors believe that the Group has the ability to continue its operations into the foreseeable future, and has therefore prepared these Financial Statements based on the assumption of the Group as an ongoing concern.

1.2 Accounting Principles

(a) General principles

These Interim Financial Statements for the period at 30 June 2013 were drawn up in accordance with the provisions of IAS 34 regarding Interim Financial Reporting. The Abridged Consolidated Financial Statements does not contain all the information required in the preparation of the Annual Consolidated Financial Statements. For this reason, the Abridged Consolidated Financial Statements must be read in conjunction with the Consolidated Financial Statements at 31 December 2012.

The preparation criteria, assessment and consolidation criteria and the accounting principles adopted in the preparing these Consolidated Financial Statements correspond with the accounting principles used in preparing the Consolidated Financial Statements at 31 December 2012, with the exception of the new or revised principles of the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee adopted as indicated below. The adoption of these amendments and interpretations had no significant effect on the Group’s financial position or results.
The IFRS is intended as all the revised international accounting standards (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 principles and interpretations applicable from 1 January 2013

As required by paragraph 28 of IAS 8, the IFRS effective as from 1 January 2013, applied by the Group are indicated and briefly outlined below:

IAS 1 Presentation of Financial Statements - Presentation of the items of other comprehensive income
The amendment to the IAS 1 changes the items presented in the other comprehensive income statement components. The items that in the future could be reclassified (or “recycled”) in the income statement (for example, net profit on the cover of net investments, the conversion differences from overseas financial statements, the net profit on the cash flow hedge and the net profit/loss from financial assets available for sale) must be presented separately from the items that will never be reclassified (for example, actuarial profit/loss on defined benefit schemes and the re-evaluation of land and buildings). The amendment only refers to the method of presentation and has no impact on the Group's financial position or results. The amendment is effective for annual periods starting on or after 01 July 2012.

IAS 12 - Deferred tax: recovery of underlying assets
This change clarifies the calculation of deferred taxes on the real estate investments evaluated at fair value. The change introduces the refutable presumption that the deferred taxes relative to a real estate investment evaluated using the fair value in accordance with IAS 40 should be determined based on the fact that the accounting value will be recovered on a sales basis. Furthermore, it requires that deferred tax be applied on non-amortisable assets valued according to the recalculation model of the value set by IAS 16 should always be valued by assuming the sale of of the asset (on a sale basis). The amendment is effective for annual periods starting on or after 01 January 2013. This amendment has had no impact on the Group’s financial position, results or disclosures.

IFRS 1 First time adoption of IFRS – Severe Hyperinflation and removal of fixed dates for first-time adopters
The IASB provided guidelines on how a company should resume presenting Financial Statements in accordance with IFRS's after its functional value is no longer subject to severe hyperinflation. The amendment is effective for annual periods starting on or after 01 January 2013. This amendment has had no impact on the Group’s financial position, results or disclosures.

IFRS 1 Government Loans – Amendments to IFRS 1
This amendment requires that companies adopting IFRS for the first time to prospectively apply the provisions of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance to

government loans existing at the transition date to IFRS. The company can choose to apply the provisions of IAS 39 and IAS 20 retrospectively to government loans, if the information necessary to apply this were obtained at the time of initially accounting for the loan. The exemption will provide the first-time user with the benefit of not having to retrospectively value the government loans with lower interest rates than those on the market. The amendment is effective for annual periods starting on or after 01 January 2013. The amendment has no impact for the Group.

IFRS 7 Disclosures - Offsetting financial assets and liabilities – Amendments to IFRS 7
These amendments require companies to make disclosures on offsetting rights and the relevant agreement (for example, guarantees). The disclosure will provide the reader of the Financial Statements with useful information to assess the effect of offsetting agreements on the company's financial position. The new disclosure is required for all financial instruments that are subject to offsetting according to IAS 32 Presentation of financial instruments. The disclosure is also required for financial instruments that are subject to framework offsetting agreements or similar contracts, irrespective of whether they are offset based on IAS 32. These amendments have no impact on the financial position or results of the Group, and are effective for the annual periods starting on or after 01 January 2013.

IFRS 13 Fair Value Measurement
IFRS 13 sets a single guideline in the context of IFRS for all fair value measurements. IFRS 13 does not change the cases in which fair value must be used, but rather provides a guide on how to evaluate the fair value in the IFRS context, when the application of the fair value is requested or allowed. This principle was applied by the Group in the Consolidated Abridged Interim Financial Statements at 30 June 2013 and reference is made to paragraph 34 of the Notes in this regard.

The frameworks adopted by the SNAI Group for the period ended 30 June 2013 have not changed compared to those adopted at 31 December 2012.

Reporting formats
The reporting formats adopted by the Group consist of the following:

Consolidated statement of financial-asset position
The presentation of the financial-asset position is done by separately recording the current and non-current asset and the current and non-current liabilities, and recording the amounts under the assets and liabilities that are expected to be paid or recovered within or after the 12 months from the reference date of the accounting position.

Consolidated statement of comprehensive income
The statement of comprehensive income records items according to their nature, as it is considered the statement that provides the most detailed information.

Consolidated Statement of Changes in Equity
The statement of changes in equity shows the overall result for the period, and the effect for each item in the net equity from changes in accounting principles and error corrections, as required by international Accounting principle 8. The statement also presents the profits and losses accrued at the start of the period, the movements during and at the end of the period.

Consolidated Cash Flow Statement
The cash flow statement presents the financial and investment flows for the period. The cash flows (operating) are presented using the indirect method, whereby the result of the financial year or period is adjusted by the effects of non-monetary transactions, by any deferment or setting aside of past or future operating collections or payments, and by any revenue or cost items connected with the cash flows arising from investing activities or financing activities.

2. Service Concession Agreements

The SNAI Group operates in the gaming and betting markets, which mainly include betting on sports and horse racing events, lawful gaming using AWP (Amusement with Prizes - formerly new slots) and VLT (Video Lottery Terminals) as well as remote games (skill games, bingo and casino games. This market is regulated by the State Authorities with the issuing of concessions.

The SNAI Group holds the following concessions:

Holder	Number	Object	Expiry	Notes
SNAI S.p.A.	No. 1 Concession	Implementation and operating of network for on-line operation of lawful games using amusement or entertainment devices, stipulated by article 110, section 6 of the Consolidated Public Safety Act [T.U.L.P.S.], pursuant to Italian Royal Decree no. 773 of 18 June 1931 and subsequent amendments, as well as the related activities and functions.	March 2022	
SNAI S.p.A.	No. 228 Concessions	Marketing of bets at set rates at sporting events, other than horse races and non-sporting events.	June 2012	(1)
SNAI S.p.A.	No. 100 Concessions	Marketing of bets on Totalizator and fixed odds at horse races.	June 2012	(1)
SNAI S.p.A.	No. 1 Concession Code 4311	Operating public games based on horse racing, with the activation of distribution networks (horse betting shops and/or horse racing gaming points) and relevant operation	June 2016	
SNAI S.p.A.	No. 1 Concession Code 4028	Operating public games at events other than horse racing, with the activation of distribution networks (sporting events betting shops and/or horse racing gaming points) and relevant operation	June 2016	
SNAI S.p.A.	No. 1 Concession Code 4801	Joint operating of public horse racing betting, with the activation of gaming shops network and relevant operation	June 2016	
SNAI S.p.A.	No. 1 Concession Code 15215	Operating of following public gaming with remote takings: a) sports betting; b) horse racing betting; c) sports and horse racing pools and lotteries; d) national horse racing gaming; e) skills games, including card games in tournament format; f) bingo.	September 2020	

(1) The original expiry was set for 30/06/2012. Article 10, section 9 (9) of Italian Legislative Decree no. 16 of 02 March 2012 converted from Law no. 44 of 26 April 2012 permitted the extension of the collection activity until the signing date of the agreements activating the concessions awarded pursuant to the tender provided by section 9 (8) of the same article. The final list of bidders in the above tender was published on 29 May 2013, with SNAI S.p.A. included for a total of no. 278 concessions. On 03 July 2013, SNAI filed the required documentation with ADM and the signing of the concession agreement is currently pending.

3. Operating sectors

The sector disclosure is presented according to "operating sectors". The sector is based on the management structure and the Group's internal reporting system. Inter-sector sales are conducted under market conditions.

The group operates in the following main sectors:
- betting services;
- operation of horse racing courses;
- concessions;
- television services.

Specifically, the Group's business is defined as follows:
- **Betting Services**: this segment includes the activities associated with the telematic services provided at betting acceptance points; these activities are essentially managed by SNAI S.p.A. and Festa S.r.l. for the part relating to the gaming and betting sector;
- **Horse racing course operation:** this segment includes the activities associated with managing horse racing courses, both in respect of the property management and organisation of the races; these activities are managed by Società Trenno S.r.l., Immobiliare Valcarenga S.r.l. and SNAI S.p.A. relating to the property segment;
- **Concessions**: this segment includes the activities associated with the operations of horse racing and sporting concessions, acquired as from 16 March 2006, the concessions SNAI S.p.A. was awarded with the tender called with the so-called "Bersani Law" and that became effective from the second quarter of 2007, and the rights that Agenzia Ippica Monteverde S.r.l. (now merged with SNAI S.p.A.) was awarded with the so-called “Giorgetti” tender; in addition to the activities associated with the concession for the activation and operational management of the network for the on-line operations of lawful games using amusement and entertainment devices as well as the relevant activities and functions" (slot machines -

AWP and video lotteries - VLT), as well as activities relating to skill games (skill games, bingo and casino games);
- **Television services**: included in this segment are the activities related to television services; these activities are managed by Teleippica S.r.l..

This report provides information relating to the contribution made to the consolidated figures by:
- the services of bet taking/gaming and activities associated with the sector, called "betting services";
- the acceptance of bets at horse racing courses owned by the Group and the activities related to their operations referred to as "horse racing course operations";
- horse racing and sporting concessions held, on-line network concessions for the amusement equipment and devices pursuant to art.110, section 6 of the T.U.L.P.S. (slot machines - AWP - and video lotteries - VLT), in addition to activities relating to skill games (skill games, bingo and casino games), called "concessions";
- television and radio, called "television services".

The sector results include the elements that are directly attributable, as well as the amounts reasonably attributable based on an allocation process for costs that are common to several sectors and indirect costs. The main sectors do not however include the earnings from the sales of software and technology, earnings from installations and other earnings not falling within the four specific activities; consequently, the costs associated with the earnings referred to above are not attributed to specific sectors, as well as financial charges and income not attributable to the four main areas, but to the governance of the company as a whole.

The "concessions" segment includes all betting, both at fixed odds (where the bank is payable to the concession holder), and Totalizators (where the bank is payable to the Ministry of Finance), accepted at BAP (betting acceptance points) where SNAI is the direct concession holder.

With betting at fixed odds, the risk is borne by the concession holder because it has the onus of paying the winnings and taxes, while in Totalizator betting there is no risk for the concession holder, because a percentage is paid to him on the movement.

	Betting Services		Operation of racetracks		Concessions		Television service		Others		Eliminations		Total consolidated	
(amounts in thousands of Euro)	30.06.2013	31.12.2012	30.06.2013	31.12.2012	30.06.2013	31.12.2012	30.06.2013	31.12.2012	30.06.2013	31.12.2012	30.06.2013	31.12.2012	30.06.2013	31.12.2012
Sector assets	**2,832**	3,294	**14,997**	16,212	**74,365**	150,259	**16,010**	11,997	**3,166**	3,986	**0**	0	**111,370**	185,748
Tangible and inatigible fixed assets	**12,409**	12,229	**106,053**	107,390	**385,311**	398,852	**3,361**	2,188	**23**	31	**0**	0	**507,157**	520,690
Inattributed tangible and intangible fixed assets													**14,310**	14,363
Shareholdings in affiliates	**0**	0	**3,038**	3,148	**0**	0	**0**	0	**154**	162	**0**	0	**3,192**	3,310
Non-attributed assets													**114,295**	33,316
Total assets	**15,241**	15,523	**124,088**	126,750	**459,676**	549,111	**19,371**	14,185	**3,343**	4,179	**0**	0	**750,324**	757,427
Liabilities of the sector	**3,569**	3,605	**14,736**	15,779	**453,062**	516,716	**2,240**	2,410	**4,300**	3,371	**0**	0	**477,907**	541,881
Non-attributed liabilities													**109,968**	51,317
Total liabilities	**3,569**	3,605	**14,736**	15,779	**453,062**	516,716	**2,240**	2,410	**4,300**	3,371	**0**	0	**587,875**	593,198
Invesments:														
Tangible and intangible fixed assets	**107**	95	**893**	1,792	**7,619**	16,050	**1,623**	816	**0**	0	**0**	0	**10,242**	18,753
Inattributed tangible and intangible fixed assets													**2,126**	3,057

I Semester 2013

	Betting Services		Operation of racetracks		Concessions		Television service		Others		Eliminations		Total consolidated	
(amounts in thousands of Euro)	1st half 13	1st half 12	1st half 13	1st half 12	1st half 13	1st half 12	1st half 13	1st half 12	1st half 13	1st half 12	1st half 13	1st half 12	1st half 13	1st half 12
Sector revenues	**6,953**	7,997	**3,677**	6,347	**237,388**	244,530	**4,841**	4,879	**113**	68	**0**	0	**252,972**	**263,821**
Inter sector revenues	**2,160**	2,598	**270**	203	**0**	0	**1,144**	1,107	**244**	321	**(3,818)**	(4,229)	**0**	**0**
Operating results	**2,674**	2,362	**(5,041)**	(4,092)	**19,480**	1,631	**1,464**	1,759	**(505)**	(396)	**0**	0	**18,072**	**1,264**
Portion of results of shareholdings	**0**	0	**(110)**	2,196	**0**	0	**0**	0	**(8)**	2	**0**	0	**(118)**	**2,198**
Financial (costs) for the period	**(559)**	(13)	**(52)**	(75)	**(15,816)**	(18,804)	**(9)**	(19)	**(2,791)**	(37)	**0**	0	**(19,227)**	**(18,948)**
Income Taxes													**(2,998)**	**4,487**
Earnings (loss) for the period													**(4,271)**	**(10,999)**
Operating results include: Amortizations	**(298)**	(197)	**(2,054)**	(2,234)	**(23,059)**	(29,930)	**(450)**	(407)	**(8)**	(11)	**0**	0	**(25,869)**	**(32,779)**

II quarter 2013

	Betting Services		Operation of racetracks		Concessions		Television service		Others		Eliminations		Total consolidated	
(amounts in thousands of Euro)	Q2 2013	Q2 2012	Q2 2013	Q2 2012	Q2 2013	Q2 2012	Q2 2013	Q2 2012	Q2 2013	Q2 2012	Q2 2013	Q2 2012	Q2 2013	Q2 2012
Sector revenues	**3,262**	3,874	**2,227**	2,638	**101,511**	114,027	**2,408**	2,445	**1**	(159)	**0**	0	**109,409**	**122,825**
Inter sector revenues	**1,225**	1,641	**192**	103	**0**	0	**570**	561	**129**	165	**(2,116)**	(2,470)	**0**	**0**
Operating results	**1,274**	760	**(2,502)**	(3,102)	**(3,329)**	(8,082)	**618**	818	**(126)**	(109)	**0**	0	**(4,065)**	**(9,715)**
Portion of results of shareholdings	**0**	0	**(107)**	2,185	**0**	0	**0**	0	**(8)**	2	**0**	0	**(115)**	**2,187**
Financial (costs) for the period	**(313)**	(6)	**(26)**	(35)	**(7,694)**	(9,237)	**(5)**	(12)	**(1,520)**	(7)	**0**	0	**(9,558)**	**(9,297)**
Income Taxes													**2,049**	**(5,640)**
Earnings (loss) for the period													**(11,689)**	**(11,185)**
Operating results include: Amortizations	**(145)**	(109)	**(1,038)**	(1,122)	**(11,885)**	(15,122)	**(255)**	(209)	**(4)**	(4)	**0**	0	**(13,327)**	**(16,566)**

In the first half of 2013:

- the difference in the operating result for the "Horse racing course operations" was impacted by the reduced revenues resulting from the national crisis in the horse racing sector and the reduced number of meetings scheduled on the 2013 calendar, and the closure of business at the trotting courses in Milan and the course in Montecatini Terme until 29 June 2013;
- the improved operating result in the "Concessions" sector is due mainly to the effect of the lower payout compared to the same period the previous year and the increased revenues from VLTs due to the significant extension in the installed network. This improvement was partially reduced by the negative effects of the crisis in the horse racing already referred to and the drop in AWP earnings, which can essentially be attributed to the lower number of devices for takings due to a significant client leaving our network and becoming a direct concession holder as from 20 March 2013; and the lower percentage in earnings paid due to the increase in fiscal pressure, the single applicable tax [PREU] on AWPs rose from 11.8% to 12.7%.

Notes to the main items in the Consolidate Statement of comprehensive income

Unless otherwise indicated or in individual cases, the comparison in values appearing in thousands of Euro, was done between the corresponding balances at 30 June 2012 and the second quarter of 2012.

4. Revenue from sales and services

The figure for revenue from sales and services in the first half of 2013 came to 252,300 thousand Euro, compared to 263,042 thousand Euro and is itemised as follows:

II Quart. 2013	II Quart. 2012	thousands of Euro	I Semester 2013	II Semester 2012	Change
28,495	29,037	Net revenue takings sporting and horse race betting at fixed and reference odds	81,008	66,481	14,527
6,792	10,003	Revenue horse race betting on Totalizator; IPN and CPS	14,258	18,161	(3,903)
60,090	72,347	Revenue Amusement Devices (ADI)	128,693	148,631	(19,938)
6,138	5,000	Net revenue remote games (skill/ casino/ bingo)	13,306	11,357	1,949
1,200	1,620	Revenue bet taking services	2,664	3,391	(727)
20	42	Revenue third party remote games (GAD) services	59	42	17
1,606	1,697	Revenue service and assistance contracts	3,259	3,431	(172)
1,182	2,136	Revenue for managing betting at horse racing courses	2,041	3,599	(1,558)
307	663	Managing race courses and properties	665	1,184	(519)
2,552	2,792	Revenue television services and connections	4,967	5,290	(323)
13	0	Revenue from installations and technology sales	72	55	17
648	644	Other services and sales to third parties	1,308	1,420	(112)
109,043	**125,981**	**Total**	**252,300**	**263,042**	**(10,742)**

The details appear below regarding the item "Net revenue bet taking sports and horse race at fixed and reference odds", which shows the items relating to winnings, payouts and taxes.

II Quart. 2013	II Quart. 2012	thousands of Euro	II Semester 2013	II Semester 2012
190,476	213,175	Revenue fixed odds sports betting	422,275	449,123
(155,419)	(180,898)	Sports winnings and payouts fixed odds	(326,307)	(370,270)
(7,339)	(3,890)	Single tax fixed odds sports betting	(16,469)	(13,521)
27,718	**28,387**	**Net fixed odds sports betting**	**79,499**	**65,332**
8,766	7,595	Revenue betting FR and reference horse race betting	16,032	12,710
(6,880)	(5,969)	Winnings and payouts FR and reference horse race betting	(12,508)	(9,941)
(365)	(321)	Single tax FR and reference horse race betting	(663)	(533)
(744)	(655)	Horse racing tax	(1,352)	(1,087)
777	**650**	**Net horse race betting at fixed and reference rate**	**1,509**	**1,149**
28,495	**29,037**	**Total net revenue betting at fixed and reference rate**	**81,008**	**66,481**

The increase in net revenue from sports betting in the first half of 2013 was mainly due to the lower payout compared to the first half of 2012. In the first half of 2013, the payout for sports betting was around 77.2% compared to 82.4% in the first half of 2012.
Revenue from the Totalizator horse racing, national horse racing and pools came down due to the crisis in the horse racing sector.
Revenue resulting from the concession for running the entertainment network devices (ADI) totalling 128,693 thousand Euro in the first half of 2013, was recorded gross of the payout paid to the manager and operator in terms of the contract. These costs were recorded under the item "costs for services and use of

third party assets" at note 7. It is noted that concession holders are obliged to pay AAMS 0.50% of the amounts played on each gaming device connected to the on-line network, as a performance bond to guarantee that the set service levels will be reached. The amount of 7,248 thousand Euro is shown in balance sheet the relating to the "ADI performance bond" that was paid in the first six months of 2013 (see note 20).
The performance bond is returned to the concession holders annually, once it has been confirmed that services levels have been reached. Management Directive no. 2013/4879/GIOCHI/ADI dated 06/02/2013 set the criteria and the reimbursement procedures for the performance bond for 2013. Based on the information collected and internal checks done, SNAI regards the service levels in the current period to be such that they allow for performance bond to be reimbursed.
The drop in ADI revenue can basically be attributed to the lower number of AWP takings' devices due to a significant client leaving our network and becoming a direct concession holder as from 20 March 2013, as well as the impact from growing fiscal pressure with the PREU on AWPs, which rose to 12.7% and impacts on the Group's revenue percentage. There was however an increase in VLTs revenue from the significant extension in the installed network.

The Casino Games business started on 7 July 2011, supplementing the remote games offer; the details of the Net revenue from remote games (remote games/ casino/ bingo) appear below:

II Quart. 2013	II Quart. 2012	thousands of Euro	II Semester 2013	II Semester 2012
243,000	210,043	Revenue remote games	525,993	449,286
(234,881)	(203,206)	Winnings	(508,389)	(433,920)
(1,981)	(1,837)	Single tax	(4,298)	(4,009)
6,138	**5,000**	**Net revenue remote games (skill/ casino/ bingo)**	**13,306**	**11,357**

The item "Revenue for managing betting at horse racing courses" dropped by 1,558 thousand Euro largely due to the closure of the trotting course in Milan at the beginning of the year, with the consequent loss of fees for conducting the races and for installations (in the first half of 2012, 40 race days were held) and because of the lower number of meetings scheduled by the 2013 calendar, and also due to the closure of the race course at Montecatini Terme until the 29 June 2013 when the night races resumed.

The item “Revenue television services and connections” mainly includes the revenue resulting from the contract entered into by the subsidiary Teleippica S.r.l. with MIPAAF (formerly ASSI merged into MIPAAF) for the television transmission of horse races at the points were horse racing betting is accepted.

5. Other revenue and income

The item "Other revenue and income" for 672 thousand Euro in the first half of 2013 (779 thousand Euro) is made up as follows:

II Quart. 2013	II Quart. 2012	thousands of Euro	II Semester 2013	II Semester 2012	Change
90	67	Rentals receivable and chargeback ancillary expenses	143	121	22
0	0	Sale option rights	0	17	(17)
0	0	Transactions receivable	0	3	(3)
130	(2,335)	Revenue for compensation and reimbursement damages	225	16	209
15	(988)	Contribution ASSI investment fund (formerly UNIRE)	30	363	(333)
1	0	Capital gains on asset disposals	4	0	4
130	100	Other revenue and income	270	259	11
366	**(3,156)**	**Total**	**672**	**779**	**(107)**

The item “Revenue for compensation and reimbursement damages” during the first quarter of 2012 referred to reimbursement revenues owed to SNAI by AAMS for some of its own concessions resulting from the so-called "Di Majo Award". This revenue was offset in the second quarter of 2012 given that the additional information obtain qualified the underlying credit to these revenues as a potential asset.

The item "Contribution ASSI investment fund (formerly UNIRE)" related to revenue then recorded by this Body's technical inspection in 2011, regarding the work done at the race courses in Milan and Montecatini from 2000 to 2010, and the subsequent finalising of the amounts approved for this contribution. This revenue was recorded in the accounts in 2012 as capital account contributions using the income method because the undertaking to maintain the zoning on the properties in question for horse racing, required by ASSI (formerly UNIRE) as a suspensive condition to the payment of the contribution itself, was signed during 2012. With regard to the first half of 2012 with the additional information obtained on the nature of the contribution, the recording in the accounts was changed from contributions for operating expenses to contributions to the capital account, using the income method.

6. Raw and consumable materials used

Raw materials and consumables used amounted to a total of 868 thousand Euro (663 thousand Euro in the first half of 2012), and mainly referred to material supporting bet taking, technology and furnishings installed in the new points of sale. Capitalised goods amounted to 3,518 thousand Euro (2,331 thousand Euro).

7. Costs for services and use of third-party assets

Costs for services and use of third-party assets amounted to a total of 169,467 thousand Euro (196,201 thousand Euro in first half of 2012) and referred to the following:

II Quart. 2013	II Quart. 2012	thousands of Euro	II Semester 2013	II Semester 2012	Change
18,761	23,526	Managing accepting betting	40,783	48,805	(8,022)
44,009	56,746	Amusement Devices Services (ADI)	95,905	115,556	(19,651)
1,255	1,253	Managing remote games (skill/ casino/ bingo)	2,883	2,838	45
441	423	Bookmakers	957	842	115
1,695	772	Remote games services	4,295	868	3,427
309	748	Managing horse racing courses	519	1,125	(606)
739	668	Managing television and radio services	1,429	1,454	(25)
97	96	Rental of workstations	196	191	5
2,685	1,863	Consulting and reimbursement of expenses	3,602	3,939	(337)
1,953	1,910	Utilities and telephone charges	3,972	4,162	(190)
2,571	2,481	Assistance and maintenance	4,897	4,542	355
938	2,472	Advertising and promotions	2,586	4,145	(1,559)
912	868	IT services	1,793	1,718	75
423	428	Installations, logistics and planning	837	872	(35)
(17)	105	Collaboration, temporary work and miscellaneous	39	230	(191)
400	435	Insurance and sureties	817	797	20
131	140	Market research	273	272	1
124	95	information for creating portions of posters and posters	251	198	53
202	191	Rentals payable and ancillary expenses	414	485	(71)
219	189	Operating leases and rentals	425	367	58
374	659	Directors emoluments	697	961	(264)
263	277	Audit firm fee	385	428	(43)
62	59	Statutory Auditors Board fees	125	121	4
23	37	Supervisory Bodies and other committees' fees	64	75	(11)
12	13	Reimbursement admin/auditors expenses	17	24	(7)
775	645	Others	1,306	1,186	120
79,356	**97,099**	**Total**	**169,467**	**196,201**	**(26,734)**

It is noted that:

- the operating fees paid to shop operators and sporting and horse racing corners for accepting betting went from 48,805 thousand Euro in the first half of 2012 to 40,783 thousand Euro in this six-month period. The drop related to less betting being collected on sporting betting in the physical network, which was compensated by an increase on the on-line channel, in addition to the new on-line remuneration procedures for promotions and introduction of remote games: these costs in the first half of 2013 were included in the item "Remote games services", while in the first half of 2012 these had been classified under "Managing bet taking";

- the costs for ADI services (for a total of 95,905 thousand Euro compared to 115,556 thousand Euro in the first half of 2012) included the payments made to the third parties appointed for bet taking, and the costs for the VLT platforms. The drop in costs can be attributed to the AWPs, and was basically due to a significant client leaving our network and becoming a direct concession holder as from 20 March 2013;
- the costs associated with remote games operations (Skill, Casino and bingo) for 2,883 thousand Euro (2,838 thousand Euro) mainly represented the costs for the gaming platforms and managing the on-line poker tournaments;

The item "others" referred largely to: security services and the transport of valuables, cleaning services, postal and shipping services, waste disposal costs and the management of company motor cars and vehicles.

8. Personnel costs

Staff costs amounted to a total of 19,149 thousand Euro in the first half of 2013, compared to 17,956 thousand Euro for the first half of 2012, with an increase of 1,193 thousand Euro (+6.64%) due mainly to:

1. the early exit of the previous CEO with the consequent payout of the agreed settlement;
2. the addition of new strategic staff in the organisation;
3. the provision for early retirement incentives for employees and management that left in the last quarter.

More specifically, the early retirement packages amounted to 1,456 thousand Euro in the first half of 2013.

II Quart. 2013	**II Quart. 2012**	**thousands of Euro**	**II Semester 2013**	**II Semester 2012**	**Change**
6,445	7,028	Salaries and wages	12,522	12,506	16
1,949	1,988	Social security contributions	3,895	3,659	236
367	363	Provision for defined benefits schemes/ defined contributions	725	724	1
29	30	Costs for staff training	57	48	9
138	140	Reimbursement expenses to employees	274	253	21
186	205	Meal vouchers and company canteen	365	396	(31)
774	164	Other staff costs	1,311	370	941
9,888	**9,918**	**Total**	**19,149**	**17,956**	**1,193**

The item "Provision for defined benefits schemes/ defined contributions" also includes the effects to the income statement resulting from the Severance Indemnity [TFR] evaluation based on IAS 19.

The number of staff at the end of the period is shown in the table below, and recorded an increase of 18 units compared to 31 December 2012, which can be attributed largely to the stabilisation resulting from the direct appointments of staff that were previously employed with a fixed-term contract and the implementation of core business structures.

30.06.2012		31.12.2012	New entries in period	Departures in period	30.06.2013	Average headcount in period
19	Managers	20	4	3	21	20
663	Employees and middle managers	633	71	48	656	648
90	Workers	78	0	6	72	74

772	*	Total employees	731	**	75	57	749 ***	742

* of which 173 part-time and 17 on maternity leave
** of which 153 part-time and 15 on maternity leave
*** of which 171 part-time and 14 on maternity leave

9. Other operating expenses

Other operating costs totalled 19,730 thousand Euro in the first half of 2013 (15,063 thousand Euro in the first half of 2012).

II Quart. 2013	II Quart. 2012	thousands of Euro	II Semester 2013	II Semester 2012	Change
3,622	3,734	Concessions and licences	7,827	7,747	80
1,200	1,638	% of non-deductible VAT	2,368	2,879	(511)
1,449	2,057	Provision for impairment accounts	3,545	2,494	1,051
476	17	Losses on loans	896	103	793
(1)	(17)	Utilisation devaluation provision fund and risks	(143)	(103)	(40)
73	0	Provisions for risks	140	96	44
51	40	Entertainment expenses	108	74	34
65	57	Contributions to sector associations	128	98	30
146	124	Other taxes	245	234	11
258	305	IMU [Municipality Property Tax]	630	424	206
117	199	Stationery, consumables and promotions materials	276	312	(36)
33	11	Environmental and health checks	43	24	19
188	48	Transactions payable	262	48	214
24	177	Capital losses on asset disposals	65	224	(159)
3,106	241	Other administrative and operating expenses	3,340	409	2,931
10,807	**8,631**	**Total**	**19,730**	**15,063**	**4,667**

The item "Concessions and licences" included::

- the lawful gaming concession fee for entertainment devices (ADI) for 4,348 thousand Euro, calculated at 0.30% of the volumes played and paid to AAMS on a bi-monthly basis;
- The concession fee for the marketing of betting at a fixed odds on sports events, other than horse racing, and on non-sporting event pursuant to art. 4 of the agreement signed with Management Directive 2006/22503 dated 30/06/06 and for the marketing of public games concessions for "operating horse racing and sports betting" with the authorisations allocated with the 2006 tender (so-called Bersani Decree) and the authorisations allocated with the 2008 tender (so-called Giorgetti Decree), as required by the respective concessions, for 2,863 thousand Euro;
- The concession fee for managing remote public gaming, as required by the relevant concession for 366 thousand Euro;
- the fee owing for television activity for 174 thousand Euro.

A provision was made in the first six months of 2013 for 3,545 thousand Euro for the impairment of receivables, to align the amount recoverable for receivables arising in previous periods relating the Group's core business and that manifested while being managed due to the difficulties experienced in collecting them.

In the first half of 2013 a risks provision was made for technology upgrades amounting to 140 thousand Euro as required by the concession agreement for implementing and operating the network for the on-line operations of lawful gaming using amusement and entertainment devices, provided for under article 110, section 6 of the T.U.L.P.S.,pursuant to Royal Decree no. 773 of 18 June 1931 and subsequent amendments, as well as the related activities and functions.

The item "% of non-deductible VAT" for 2,368 thousand Euro was due to the separate types of businesses conducted by SNAI S.p.A., Festa S.r.l. and Società Trenno S.r.l., which generate revenue from services that are partly taxable for VAT and revenue that is partly VAT exempt, with a consequent effect on the VAT deductibility on purchases.

The companies SNAI S.p.A., Festa S.r.l. and Società Trenno S.r.l. opted to separate their business activities for VAT purposes; this decision implies that for purchases referring to the business that generates taxable transactions, VAT is fully deductible, while it becomes fully non-deductible on purchases referring to the business that generates VAT exempt transactions.
With regard to the tax relating to goods and services utilised extensively by all the businesses, VAT is deducted within the limits of the portion charged to the business operations that produces the relevant taxable revenue; in this respect, the cost of non-deductible VAT was calculated by setting specific tax sharing criteria.

10. Capitalised costs of internal works

The costs for capitalised internal works for a total of 474 thousand Euro in the first semester of 2013 (382 thousand Euro in first semester 2012) essentially related to software generated internally for:

- IT systems to support Business lines (Business Intelligence);
- central systems and peripheral terminals for accepting betting;
- central systems for managing the dialogue with AAMS and client invoicing services for the entertainment devices;
- central systems, gaming interfaces and integration protocols for the takings from remote gaming via SnaiCard;
- networking solutions to support the Business lines;
- development and strengthening the corporate ERP;
- central and peripheral systems for managing point of sale for additional services;
- central systems and web interfaces for integration and sale of games called Skill games (poker tournaments, cash poker, casino games, slot machines);
- web-based solutions for the information to the Administrator, knowledge bases, manuals, how-to, integration with opening system, intervention requests and procurement of consumables (SnaiPartner);
- display systems for the point of sale (new graphic pages, Live betting, HD pages);
- central systems for managing dialogue with AAMS, reporting, client services (VLT);
- systems for checking gaming (SnaiProfit);
- implementation of new corporate CRM.

11. Amortizations and depreciations

Amortisations and depreciations totalled 25,869 thousand Euro in the first half of 2013 (32,779 thousand Euro in the first half of 2012) as detailed below:

II Quart. 2013	II Quart. 2012	thousands of Euro	II Semester 2013	II Semester 2012	Change
8,336	11,423	Amortisation of intangible fixed assets	16,185	22,618	(6,433)
4,940	5,125	Depreciation of tangible fixed assets	9,633	10,143	(510)
51	18	Depreciations	51	18	33
13,327	**16,566**	**Total**	**25,869**	**32,779**	**(6,910)**

For additional information regarding the amortisations and depreciation item reference is made to the notes on tangible and intangible fixed assets no. 14 and 15.

12. Financial income and charges

Net charges in the first six months of 2013 amounted to 19,345 thousand Euro, with an increase of 2,595 thousand Euro compared to the first half of 2012, as detailed below.

II Quart. 2013	II Quart. 2012	thousands of Euro	II Semester 2013	II Semester 2012	Change
		Income and charges from shareholdings			
0	0	Revaluation/ (depreciation) Alfea S.p.A.	(3)	11	(14)
(107)	2,185	Revaluation/(depreciation) Hippogroup Roma Capannelle S.p.A.	(107)	2,185	(2,292)
(8)	2	Revaluation/(depreciation) shareholding Connext S.r.l.	(8)	2	(10)
(115)	**2,187**		**(118)**	**2,198**	**(2,316)**
		Financial income			
1	1	Exchange gains	3	1	2
282	147	Interest receivable from banks	479	255	224
187	47	Other interest receivable	257	230	27
470	**195**		**739**	**486**	**253**
		Financial charges			
75	51	Various interests payable	153	96	57
1	6	Exchange losses	4	9	(5)
0	113	Interest payable on current accounts	0	236	(236)
1,914	1,189	Payable interest and ancillary charges on leasing	3,653	2,726	927
5,606	5,702	Interest payable on loans	11,368	11,890	(522)
32	54	Interest expense on severance indemnity [TFR]	65	110	(45)
0	3	Financial charges for payables discounting	2	9	(7)
(2)	(12)	Financial charges invalid portion derivatives cover	10	0	10
2,402	2,386	Other financial charges	4,711	4,358	353
10,028	**9,492**		**19,966**	**19,434**	**532**
(9,673)	**(7,110)**	**Total**	**(19,345)**	**(16,750)**	**(2,595)**

Under the item "Financial income", interest income on current accounts is recorded for 479 thousand Euro and 257 thousand Euro is recorded for different interest income mainly calculated on the extensions granted on trade receivables.

Included among the financial charges are:

- charges calculated according to the amortised cost method as per IAS 39, by applying the effective interest rate method to loans (for additional information on loans reference is made to note 27) for a total of 11,368 thousand Euro, of which 1,550 thousand Euro was charged to ancillary costs;
- interest payable calculated on financial leasing for 2,241 thousand Euro, and ancillary charges on leasing for 1,412 thousand Euro, which includes non-deductible VAT;
- other financial charges, including 2,287 thousand Euro for the differential on derivatives cover, 1,185 thousand Euro for commissions on sureties, 570 thousand Euro for commissions payable on loans and 532 thousand Euro for banking expenses.

For further information on the items relating to companies in the Group, reference is made to note 33 "Related Parties".

13. Income tax

Income tax, including IRES [Corporate Tax] and IRAP [Regional tax on production] of fully consolidated companies, as well as pre-paid and deferred taxes relating to the first half of 2013, appear in the negative for 2,998 thousand Euro.

II Quart. 2013	II Quart. 2012	thousands of Euro	II Semester 2013	II Semester 2012
(138)	(260)	IRES	347	0
213	80	IRAP	1,497	733
1,310	1,367	Provision for deferred payable taxes fund	2,536	2,630
(254)	(1,078)	Utilisation of deferred payable taxes fund	(454)	(1,767)
(1,465)	(6,194)	Prepaid taxes	(2,290)	(7,119)
(1,765)	281	Utilisation advance taxes credit	1,312	872
50	164	IRES/IRAP previous periods	50	164
(2,049)	**(5,640)**	**Total**	**2,998**	**(4,487)**

The table below shows the reconciliation between the IRES and IRAP tax burden resulting from the abridged interim financial statements at 30 June 2013 and the theoretical burden (in thousands of Euro)

		1st half 2013		H1 2012
Pre-tax profit		(1,273)		(15,486)
Theoretical IRES tax burden	*27.50%*	350	*27.50%*	4,259
Theoretical IRAP tax burden	*4.20%*	53	*4.20%*	650
Total theoretical tax recovery (charges)		**404**		**4,909**
Fines, sanctions and other levies		(862)		(130)
Other permanent non-deductible costs		(790)		(302)
Other permanent deductions		58		1,414
		(1,190)		**5,891**
Permanent IRAP differences (incl. employees)		(1,757)		(1,404)
		(2,947)		**4,487**
Taxes and levies previous periods		(51)		0
Effective tax recovery	*235.54%*	**(2,998)**	*-28.97%*	**4,487**

For further information relating to the effects from the tax burden and consolidated tax, reference is made to the details under note 17 "prepaid and deferred taxes" to these explanatory notes. The 2007 period has been finalised regarding direct and indirect taxes.
Reference is made to paragraph 28 for details on tax disputes.

Notes to the main items in the Interim Consolidated Financial Position statement

Unless otherwise indicated or in individual cases, the comparison in values appearing in thousands of Euro, was done between the corresponding balances at 31 December 2012.

14. Tangible fixed assets

The extent of the tangible fixed assets at 30 June 2013 amounted to 153,001 thousand Euro (152,113 thousand Euro). The changes in the period are due to the combined effect of the depreciation during the period for 9,633 thousand Euro, investments for 10,546 thousand Euro, the reclassification of intangible fixed assets for 15 thousand Euro and the disposal/sales, net of the depreciation fund for 40 thousand Euro.

in thousands of Euro	**Land and buildings**	**Plants and machinery**	**Industrial and commercial equipment**	**Other goods**	**Assets under construction and payments on account**	**Total**
Cost						
Balance at 31 December 2012	**138,772**	**155,834**	**7,199**	**23,215**	**1**	**325,021**
Reclassifications	0	16		0	(1)	15
Other increases	831	8,007	0	1,210	498	10,546
Decreases	0	(307)	(1)	(42)	0	(350)
Balance at 30 June 2013	**139,603**	**163,550**	**7,198**	**24,383**	**498**	**335,232**
Depreciation and losses in value						
Balance at 31 December 2012	**30,719**	**123,085**	**6,670**	**12,434**	**0**	**172,908**
Amortisation for the period	1,502	6,844	82	1,205		9,633
Depreciations		0		0		0
Disposals	0	(282)	(1)	(27)		(310)
Reclassifications	0	0	0	0	0	0
Balance at 30 June 2013	**32,221**	**129,647**	**6,751**	**13,612**	**0**	**182,231**
Accounting values						
At 31 December 2012	108,053	32,749	529	10,781	1	152,113
at 30 June 2013	107,382	33,903	447	10,771	498	153,001

Plants and machinery owned include electrical, plumbing, fire fighting, air condition installations as well as the work to bring these in line with regulations, electronic machines, and technology for connecting the network to the central systems.

The increases at 30 June 2013 for 10,546 thousand Euro, referred mainly to:

- the item Land and Buildings for 831 thousand Euro, and mainly related to consolidation and improvements to the structural works at the trotting course;
- the item plants and machinery for 8,007 thousand Euro relating: for 148 thousand Euro to electro-thermal and electrical installations, for 2,941 thousand Euro to technology delivered on loan to the points of sale, for 3,125 thousand Euro for hardware and interconnections for the points of sale, for 519 thousand Euro for radio bridges, for 1,034 thousand Euro for control installations, for 240 thousand Euro for the cost to purchase instrumental goods (servers, printers, PCs and monitors) and the other installations and equipment needed to conduct the various activities in the companies of the Group;
- the item other goods for 1,210 thousand Euro relating: for 1,116 thousand Euro to furnishings delivered to the points of sale and shops managed directly, for 83 thousand Euro for furnishings at companies offices and for 11 thousand Euro to purchase motor vehicles;
- the item assets under construction and payments on account for 498 thousand Euro relating largely to renovation work on the property in Porcari adjacent to the company headquarters.

Financial charges were not capitalised in tangible fixed assets because the Group does not have the business to qualify for this pursuant to IAS 23.

Leasing

The Group entered into leasing contracts to utilise specific installations, machines and equipment that shall expire with varying expiry dates up until June 2016. These contracts provide for termination and/or extension clauses.

The property in Porcari, including the land and buildings is leased through Ing. Lease Italia S.p.a., for an historic cost of 3,500 thousand Euro, of which 382 thousand Euro relate to the land, and a depreciation fund that at 30 June 2013 was 841 thousand Euro.

The table details the minimum future financial leasing payments:

thousands of Euro	**Total**
Total commitment at 30/06/2013 of which.	10,258
Payments within 12 months	7,465
Payments falling due between 1 and 5 years	2,793
Payments falling due beyond 5 years	-
Redemption	999

The operating leasing falling due do not present significant amounts.

15. Intangible fixed assets

The extent of the intangible fixed assets at 30 June 2013 was 368,466 thousand Euro (382,940 thousand Euro); the changes during the period were due to the combined effect of the amortisation for the period for 16,185 thousand Euro, depreciations for 51 thousand Euro, net disposals for 45 thousand Euro, reclassifications to tangible fixed assets for 15 thousand Euro and investments for 1,822 thousand Euro.

thousands of Euro	**Goodwill**	**Concessions, licenses, trademarks and similar rights**	**Patent rights and intellectual property usage**	**Others**	**Assets under construction**	**Total**
Cost						
Balance at 31 December 2012	**231,605**	**396,602**	**14,142**	**13,181**	**17,308**	**672,838**
Reclassifications		7,145	(205)	341	(7,296)	(15)
Other increases		541	460	227	594	1,822
Decreases	0	(193)	0	0	0	(193)
Balance at 30 June 2013	**231,605**	**404,095**	**14,397**	**13,749**	**10,606**	**674,452**
Amortisations and losses in value						
Balance at 31 December 2012	**74**	**269,628**	**11,706**	**8,490**	**0**	**289,898**
Amortisation for the period		15,123	203	859		16,185
Depreciations		51	0	0		51
Disposals		(148)	0	0		(148)
Reclassifications		(114)	(195)	309		0
Balance at 30 June 2013	**74**	**284,540**	**11,714**	**9,658**	**0**	**305,986**
Accounting values						
At 31 December 2012	231,531	126,974	2,436	4,691	17,308	382,940
at 30 June 2013	231,531	119,555	2,683	4,091	10,606	368,466

Investments for 1,822 thousand Euro referred mainly to:

- the item " licenses, trademarks and similar rights" for 541 thousand Euro related to the issuing of AWP authorisations for 459 thousand Euro and additional SAP licences for 81 thousand Euro;
- the item "Patent rights and intellectual property usage" for 460 thousand Euro, of which 319 was for software licences for on-line betting; 50 thousand Euro was for streaming software licences and 71 thousand Euro was for administrative, financial and control management programmes;
- the "assets under construction" for 594 thousand Euro, relating to software generated internally and not completed.

The intangible fixed assets under construction included the rights purchased for VLTs for 9,723 thousand Euro, relating to gaming equipment that was still not authorised by AAMS.

Financial charges were not capitalised in intangible fixed assets because the Group does not have the business to qualify for this pursuant to IAS 23.

Goodwill for 231,531 thousand Euro was allocated to the following units generating financial flows (CGU):

- 219,951 thousand Euro for CGU Concessions, of which 219,241 thousand Euro generated by the acquisition of concessions business units effective from 16 March 2006 and 710 thousand Euro generated by the aggregation for purchasing the shareholding in Agenzia Ippica Monteverde S.r.l. (now merged with SNAI S.p.A.). This CGU is represented by all the activities associated with managing horse racing and sports concessions, in addition to the activities associated with the concession for the activation and operational management of the network for the on-line operations of lawful games using amusement and entertainment devices as well as the relevant activities and functions" (slot machines - AWP and video lotteries - VLT), in addition to activities relating to skill games (skill games, bingo and casino games);
- 11,137 thousand Euro to CGU Betting Services, generated by SNAI Servizi Spazio Gioco S.r.l. which merged with SNAI S.p.A. in 2002, consisting of the activities related to the on-line services provided at points where betting is accepted;
- 443 thousand Euro generated by Teleippica S.r.l. and referring to the CGU Television Services, consisting of the activities related to the television services/

Based on the requirements of international accounting principles, especially IAS 36, goodwill is subject to checking for impairments at least on an annual basis, at the 31 December of each year, or more frequently if potential indicators exist for potential impairments in value.
In the event of a loss in value resulting from the test, the Group must record a depreciation in the accounts.
During the first half of 2013, there were no changes or events that required assessments to identify possible impairments in the goodwill value.

16. Equity investments

The Company has shareholdings in the following companies:

	Value in the accounting position at	**Value in the accounting position at**	**Ownership percentage**	
thousands of Euro	**30.06.2013**	**31.12.2012**	**30.06.2013**	**31.12.2012**
Associate companies and Subsidiaries not fully consolidated				
- Hippogroup Roma Capannelle S.p.A.	1,682	1,789	27.78	27.78
- Alfea S.p.a.	1,356	1,359	30.70	30.70
- Connext S.r.l.	55	63	25	25
- Solar S.A.	53	53	30	30
Teseo S.r.l. (in liquidation)	0	0	70	70
Total equity-valued shareholdings	**3,146**	**3,264**		
Others				
- Tivu + S.p.A. (in liquidation)	0	0	19.5	19.5
- Lexorfin S.r.l.	46	46	2.44	2.44
Total shareholdings in other companies	**46**	**46**		

The complete composition of the Group and the consolidation methods used are detailed in Annex 1.

17. Receivables for prepaid taxes and payables for deferred taxes

The total amount for the temporary differences and tax losses carried over are detailed in the table below, together with the relevant theoretical prepaid and deferred taxes amount, and the amounts recorded in the consolidated accounting context.

Temporary differences	Amount	Rate	Effect of tax	Prepaid recorded	Reversal period
Taxed devaluation provision receivables	43,739	27.5%	12,029	12,029	2013 and later
Risks provision	14,798	27.5% - 31.7%	4,668	4,668	2013 and later
Allowance for impairment accounts	697	31.7%	221	221	2013 and later
Difference between balance sheet and tax values of tangible and intangible fixed assets	5,722	31.7%	1,787	1,787	2013 and later
Interest rate swap	5,972	27.5%	1,642	1,642	2013 and later
Other temporary differences	36,574	27.5% - 31.7%	10,058	10,058	2013 and later
Total	**107,502**		**30,405**	**30,405**	

Prior tax losses carried over	Amount	Rate	Tax effect	Benefits recorded	To be utilised by
SNAI S.p.A.					
2008 fin. year	17,895	27.5%	4,921	4,921	unlimited carry over
2009 fin. year	10,200	27.5%	2,805	2,805	unlimited carry over
2010 fin. year	29,060	27.5%	7,992	7,992	unlimited carry over
2011 fin. year	27,186	27.5%	7,476	7,476	unlimited carry over
2012 fin. year	34,292	27.5%	9,430	9,430	unlimited carry over
I Semester 2013	1,830	27.5%	503	503	unlimited carry over
	120,463		**33,127**	**33,127**	
Total prior losses	**120,463**		**33,127**	**33,127**	
Total prepaid taxes				**63,532**	

The movement in receivables for prepaid taxes appears below:

	31.12.2012	prov.	Utilizations	30.06.2013
Receivables on prepaid tax	63,879	2,290	(2,637)	63,532

At 30 June 2013, the Directors of SNAI S.p.a. confirmed the recoverability assessment made regarding prepaid taxes, which was generated by the temporary differences between the accounting and tax values of the relevant receivables/ payables, as well as the tax losses resulting from the national tax consolidation regimen.
The recoverability is based on the future positive forecasts outlined in the business plans.

It is noted that the Group has recorded deferred receivable taxes and deferred payable taxes for a net receivable deferred tax value of 13,300 thousand Euro (value net of deferred receivable taxes at 31 December 2012 for 15,729 thousand Euro).

With reference to the deferred receivable taxes, the "difference between balance sheet and tax values of tangible and intangible fixed assets" for 5,722 thousand Euro with a tax effect of 1,787 thousand Euro were

mainly due to the leasing contracts signed in 2007 and previously (Euro 4,511 thousand Euro with tax effect of 1,430 thousand Euro).
The "other temporary differences" for 36,574 thousand Euro with a tax effect of 10,058 thousand Euro were mainly due to the non-deducted payable interest pursuant to article 96 of the Consolidated Income Tax Act (TUIR) (34,971 thousand Euro with tax effect of 9,617 thousand Euro).

It is noted that in June 2013, the Parent Company in its capacity as holding company renewed its option regarding the National Tax Consolidation regimen pursuant to article 117 and following of Italian Presidential Decree 917/1986 for the three-year period 2013-2015 in respect of the consolidated company Società Trenno S.r.l..
It should be remembered that currently the tax consolidation regimen is effective for the three-year period 2012-2014 in respect of the holding company and consolidated companies Festa S.r.l., Immobiliare Valcarenga S.r.l. and Teleippica S.r.l..
Adopting the tax consolidation regimen can bring certain benefits to the Group's tax burden, including the immediate, total or partial usability of the tax losses for the period for the companies participating in the consolidation, reducing the income held by other consolidated companies, as well as the possibility of recovering the excess payable non-deducted interest from the consolidated companies with an excess gross operating income (so-called ROL) in the other companies participating in the consolidation.
In its capacity as holding company, SNAI S.p.A. is obliged to pay the advance and final settlement to IRES due on the basis of the consolidated income tax return.
Based on existing agreements, the payment of tax on taxable income transferred to the holding company takes place with tax credits for advance payments, taxes withheld at source, tax deductions or transferred in another manner, and for possible amounts not compensated, by way of payment within 90 days from the request received by the Company from the consolidated company.
In the event that the consolidated companies transfer tax credits to SNAI S.p.A., this transfer will involve compensation in favour of the companies for an amount equalling the transferred tax credit.
The consolidated companies liability in respect of the tax office remains without prejudice in the event that it is found that a higher amount is taxable in respect of SNAI S.p.A. due to calculation errors in the taxable amount communicated by the consolidated companies themselves.

Furthermore, it should be noted that deferred taxes have been calculated on the fixed assets in question, following the move over to international accounting principles.

Temporary differences	Amount	Rate	Tax effect	Deferred
Fiscal amortisation of goodwill	(10,957)	31.70%	(3,336)	(3,336)
TFR [Employee Severance Indemnity]	(7)	27.50%	(2)	(2)
Fiscal amortisation goodwill business units	(108,115)	31.70%	(33,461)	(33,461)
Difference between balance sheet and tax values of tangible fixed assets	(42,254)	31.70%	(13,355)	(13,355)
Other temporary differences	(284)	31.7% - 27.5%	(78)	(78)
Total deferred taxes	**(161,617)**		**(50,232)**	**(50,232)**

The movement in the deferred taxes provision is shown below:

	31.12.2012	pre-paid	Utilizations	30.06.2013
Deferred tax fund	48,150	2,536	(454)	50,232

As required by accounting principle IAS 12, the Directors of SNAI S.p.A. decided to record the deferred tax payable that was generated by all the temporary differences, among the balance sheet and tax values of the relevant receivables/payables. Specifically, the business units acquired, in the corporate aggregation, were recorded by applying the acquisition method pursuant to IFRS 3.

The Company has therefore recorded receivables and payables referring to the acquisition at the relevant fair value at the acquisition date, and has therefore only recorded goodwill after having allocated the acquisition cost as detailed above.
The goodwill value was not amortised, but is annually checked to assess any reduction in the fiscal amortisation value: the fiscal amortisation is governed by article 103 section 3 of Italian Presidential Decree 917/1986 referring to deferred taxes.
The "Difference between balance sheet and tax values of tangible fixed assets" for Euro 42,254 thousand with a tax effect of 13,355 thousand Euro is mainly the result of the properties (ex Trenno) in San Siro and Montecatini in Milan (Euro 38,878 thousand with tax effect of Euro 12,324 thousand).

18. Inventory

Compared to 31 December 2012, this item came down by 384 thousand Euro. The item "Inventory" is made up as follows:

thousands of Euro	30.06.2013	31.12.2012	Change
Raw materials	156	250	(94)
Products under construction	40	80	(40)
Finished products/goods	2,804	3,054	(250)
Total	**3,000**	**3,384**	**(384)**

The Inventory value is recorded net of the allowance for impairment accounts, which amounted to 697 thousand Euro at 30 June 2013 (291 thousand Euro at 31 December 2012). The table below illustrates the movement in the allowance for impairment accounts:

	31.12.2012	prov.	Utilisation	30.06.2013
Allowance for impairment accounts				
Raw materials	77	85	(9)	153
Products under construction	3			3
Finished products/goods	211	330		541
Total	**291**	**415**	**(9)**	**697**

19. Trade receivables

Trade receivables were made up as follows:

thousands of Euro	30.06.2013	31.12.2012	Change
Trade receivables			
- from clients	96,274	101,960	(5,686)
- from MIPAAF (ex Assi absorbed into MIPAAF)	29,904	26,736	3,168
- from tables, jockeys, bookmakers	482	529	(47)
- from holding company Global Games S.p.A.	0	6	(6)
- bills subject to collection and in portfolio	1,653	965	688
- credit impairment provision	(41,113)	(38,359)	(2,754)
Total	**87,200**	**91,837**	**(4,637)**

Receivables from clients include the balances at 30 June 2013 due by operators for gaming takings (betting and ADI), net of the fees they are due.
Receivables from clients also include the matters with the legal representative of SNAI S.p.A. for 44,740 thousand Euro (44,496 thousand Euro).

Receivables from MIPAAF (former ASSI absorbed by MIPAAF - Ministry of Agricultural, Food and Forestry Policies) for 29,904 thousand Euro, include:

- 14,850 thousand Euro relating to the 2012 and first half of 2013 invoices to be collected, and the credit for the 2009 period to 30 June 2012 relating to contributions for the so-called customisation of metropolitan racing courses.
- 15,054 thousand Euro relating to the contract signed with Teleippica S.r.l. for transport services, processing and transmission of video and audio signals originating from Italian and foreign horse racing courses, production and transmission of the UNIRE BLU channel dedicated to points of sale for collecting "national horse racing" betting, broadcast and managed daily from the studio and other associated services.

The impairment provision was calculated by taking the amount for dubious payment receivables, by analysing the specific position of debtors, any guarantees granted in favour of the Group's companies and assessing the possibilities for recovery of default credits and the existing litigation recorded in lawyers' reports. Taking into consideration the guarantees signed by debtors, the provision is considered adequate by the Directors to meet the foreseeable future impairment losses.

20. Other assets

The other non-current assets, classified among the non financial assets, are made up as follows:

thousands of Euro	30.06.2013	31.12.2012	Change
Other non-financial assets			
Tax receivables			
- from tax office for tax refunds	62	62	0
- from tax office for taxes under dispute	87	73	14
- from tax office for IRAP refunds	0	24	(24)
- from tax office for property taxes	54	54	0
	203	**213**	**(10)**
Receivables due from others:			
- security deposits receivable	1,682	1,584	98
	1,682	**1,584**	**98**
Receivables from clients:			
- bills receivable in portfolio	626	544	82
	626	**544**	**82**
Total other non-financial assets	**2,511**	**2,341**	**170**

Security deposits include, inter alia, 500 thousand Euro for the security deposit in favour of P4Pay S.r.l. for the guarantee pertinent to the PostePay cards, and 500 thousand Euro for the court order in favour of a player following the malfunctioning of the VLT Barcrest platform. For additional information, reference is made to the paragraph *"Disputes brought by players holding allegedly winning tickets consequent to the malfunctioning of the Barcrest VLT platform"* included under note 28.

The other current assets are made up as follows:

thousands of Euro	30.06.2013	31.12.2012	Change
Other current assets			
Tax receivables			
- tax office for IRES advance/credit	1,173	1,284	(111)
- tax office for IRAP advance/credit	509	1,446	(937)
- other receivables from tax office	423	188	235
	2,105	**2,918**	**(813)**
Receivables from others			
- ADI security deposit	7,248	14,181	(6,933)
- Advance AAMS concession fee	1,974	988	986
- Receivables from AAMS for winnings on competitions, pools and national horse racing	50	81	(31)
- Security deposit remote games (skills/bingo)	74	336	(262)
- Receivables for Skill Games	52	180	(128)

- Other receivables from PAS	155	135	20
- Receivables for AAMS positions from business unit acquisition	296	296	0
- Receivables from AAMS for Di Majo award	0	9,940	(9,940)
- Receivables for interest payments and PREU fines not owing	2,114	2,114	0
- Receivables for commission refund on sureties	49	48	1
- Receivables from Blueline electronic wallet	226	226	0
- Social security institutions	376	144	232
-Other receivables	2,283	2,128	155
- Credit impairment from others	(2,107)	(2,196)	89
	12,790	**28,601**	**(15,811)**
Accruals and deferrals receivable			
- Accrued receivables	16	16	0
- Deferrals receivables	4,150	4,829	(679)
	4,166	**4,845**	**(679)**
Total other current assets	**19,061**	**36,364**	**(17,303)**

The ADI security deposit (entertainment devices) for 7,248 thousand Euro (14,181 thousand Euro) equals 0.5% on the gaming movement generated by the entertainment devices (AWP and VLT) as detailed under note 4 "income from sales and services". On 13 June 2013, the ADI security deposit relating to 2012 for 14,035 thousand Euro was drawn.

The item "advance concession fee" for 1,974 thousand Euro refers to the portion of the fixed fee paid to AAMS in advance for the first half of 2013 and the relevant concession fee for the horse racing and sports betting; for further information reference is made to note 9.

The item receivable from AAMS for the Di Majo award referred to certain compensatory receivables expected by operators or third party concession holders against AAMS, arising from the so-called "Di Majo award" and transferred by SNAI in December 2011 and June 2012. Following the agreement between most of the parties to the award, SNAI S.p.A. took on the management of the compensation on behalf of the concession holders, which will be paid by AAMS. This is the reason for the parent company acquiring these credits, which will only be paid to the extent that all the compensation from AAMS will be collected. The other liabilities in fact record the debt in respect of the transferring parties (note 29). As from 05 August 2012, the Company began offsetting the payables for collecting the horse racing betting due every 15 days (so called "ex ASSI fortnights") and the receivables for the Di Majo award held by the horse racing concession holders in respect of AAMS and acquired by the Company in December 2011 and June 2012. As required by the agreement between the Company and transferring parties, SNAI offset its defaulted trade receivables in respect of these horse racing concession holders and/or paid the residual balance on the fixed term current accounts (see note 21). At 30 June 2013, the receivables were all offset.

21. Current financial assets

The current financial assets are made up as follows:

thousands of Euro	30.06.2013	31.12.2012	Change
Current financial assets			
allocated current accounts:	6	7	(1)
Fixed term current accounts and unavailable balances	20,106	10,241	9,865
Shares ex Società Fiorentina Corse Cavalli from share swap	1	1	0
Total current financial assets	**20,113**	**10,249**	**9,864**

The fixed term current accounts were opened by the parent company to manage the amounts resulting from the offsetting between the receivables from AAMS for the Di Majo award and the payables for payables for collecting the horse racing betting due every 15 days (so called "ex ASSI fortnights") (for further information, reference is made to note 20). These fixed term bank accounts were utilised while waiting on the final unappealable judgment relating to the litigation pending between the horse racing concession holders and the Ministry of the Economy and the Ministry of Agricultural Policies.

At the hearing on 14 December 2012, the Appeal Court in Rome did not deliver judgment in the case, allocating the parties the customary deadlines for the conclusions.

The parties filed their concluding statements between January and March. The case has not delivered a decision, and is judgment is therefore pending.
The unavailable balances in the current account refer to the amounts temporarily not available in respect of the foreclosures undertaken by third parties; it is noted that these amounts include attachments notified on the basis of the same enforcement order on different current accounts.
The fixed term current accounts and unavailable balances on current accounts were not included in the net financial position (see note 38).

22. Cash and cash equivalents

Cash and cash equivalents are made up as follows:

thousands of Euro	30.06.2013	31.12.2012	Change
Current bank accounts	29,968	10,789	19,179
Current postal accounts	28	17	11
Cash and equivalents in hand	252	204	48
Cash and banks	**30,248**	**11,010**	**19,238**
Bank overdrafts	0	0	0
Net cash and cash equivalents	**30,248**	**11,010**	**19,238**

23. Net Equity

The fully paid-up and subscribed share capital of the parent company SNAI S.p.A. at 30 June 2013 amounted to Euro 60,748,992.20 (at 31 December 2012, Euro 60,748,992.20) and is constituted by 116,824.,85 ordinary shares (116,824,985 ordinary shares at 31 December 2012).
Shareholders are entitled to receive the dividends resolved from time to time, and each share held entitles the holder to one vote in the Company's shareholder meetings.

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

The number of shares and share capital has not changed compared to 31 December 2012.
The shares issued are all ordinary shares.
There are no treasury shares held directly by the parent company SNAI S.p.A., or through its subsidiaries or associated companies.

Reserves

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

Share premium reserve
The share premium reserve for 108,282 thousand Euro included the increase in share capital resolved on 14 September 2006 and concluded on 15 January 2007 for 219,535 thousand Euro, less the ancillary fees net of the fiscal effect relating to the share capital increase for 8,216 thousand Euro, as required by IAS 32. It was utilised for 56,974 thousand Euro to partly cover the loss of the 2010 period and losses of 2011 period and for 46,063 thousand Euro to cover the 2012 period losses, and reintegrate the losses carried over for 3,503 thousand Euro, as resolved by the shareholders' meeting on 26 April 2013.

Cash-flow-hedge reserve
The cash flow hedge reserve for 4,329 thousand Euro is made up by charging derivatives directly to net equity (see note 34).

TFR Reserve (IAS 19)
The TFR reserve (IAS 19) for 508 thousand Euro was made up by charging the actuarial profits/losses at 31 December 2012 to net equity.

Profits (losses) carried over
The profits (losses) carried over refer to profits for 967 thousand Euro.

Third parties net equity
At 30 June 2013, the third party Net Equity stood at 0, given that none of the subsidiaries consolidated using the line-by-line method are partly held by third parties.

24. Other items in the comprehensive income statement

The other items in the comprehensive income statement are made up by charging derivatives directly to Net Equity in the cash flow hedge reserve. In August 2011, two contracts were signed to cover the interest rate risks on interest rate swap transactions.
The details of the other items in the comprehensive income statement appear below (for additional information, reference is made to notes 27 and 34).

II Quart. 2013	II Quart. 2012		I Semester 2013	I Semester 2012
		Items reclassified to the income statement		
		Derivative hedging instruments:		
1,816	(1,409)	Fair value interest rate swap adjustment	3,436	(3,123)
(500)	387	Tax effect	(945)	859
1,316	**(1,022)**	**Total profit (loss) for the period**	**2,491**	**(2,264)**

25. Earnings per share

Basic earnings per share
The basic earning per share calculation at 30 June 2013 was done by considering the loss attributable to holders of ordinary shares for 4,271 thousand Euro (31 December 2012 loss for 42,560 thousand Euro) and the average weighted number of ordinary shares in circulation for the period ended 30 June 2013, equalling 116,824,985 (31 December 2012: 116,824,985).

The calculation was done as follows:

in thousands	**30.06.2013**	**31.12.2012**	**30.06.2012**
Profit (loss) attributable to holders of ordinary shares = group profit for the period (a)	(4,271)	(42,560)	(10,999)
Average weighted number of ordinary shares/1000 (b)	116,824.99	116,824.99	116,824.99
Basic profit (loss) per share (a/b)	**(0.04)**	**(0.36)**	**(0.09)**

Diluted profit/loss per share
The diluted profit/loss per share equals the basic profit/loss per share as no financial instruments with potential diluting effects were issued.

26. Severance pay indemnity

The severance pay indemnity at 30 June 2013 amounted to 4,638 thousand Euro against 5,190 thousand Euro at 31 December 2012.

The table below details the movement in the fund:

thousands of Euro	
Balance at 01.01.2013	**5,190**
Provision	38
Utilised	(655)
Financial charges	65
Actuarial losses (profits)	0
Balance at 30.06.2013	**4,638**

The severance pay indemnity falls within the context of the defined benefits plans to be recorded as per IAS 19, applying the projected unit credit method, which estimates the amount to be paid to each employee at the time they leave the Company and discounting this debt based on an assumption over time that is calculated using the actuarial methods.

27. Financial liabilities

The financial liabilities are made up as follows:

thousands of Euro	**30.06.2013**	**31.12.2012**	**Change**
Non-current financial liabilities			
Guaranteed loans granted by banks	313,727	328,866	(15,139)
Payables for financial leasing	3,376	6,164	(2,788)
Swap interest rate	5,981	9,406	(3,425)
Total other non-current liabilities	**323,084**	**344,436**	**(21,352)**
Current financial liabilities			
Current portions of long-term loans granted by banks	28,189	16,100	12,089
Guaranteed loans granted by banks	18,000	9,000	9,000
Payables for financial leasing	6,536	9,902	(3,366)
Payables to banks	1,228	1,038	190
Payable to PAS for acquiring horse racing and sports betting concessions business units	42	155	(113)
Total current financial liabilities	**53,995**	**36,195**	**17,800**

Included among the financial payables are:

- loan underwritten on 29 March 2011, (described in paragraphs below) recorded at cost amortised for a total of 359,916 thousand Euro, equal to a nominal 373,250 thousand Euro and charged net of direct ancillary expenses. These ancillary expenses include the professional fees related to finalising the loan, as well as the levies due by Law for activating the loan for 23,510 thousand Euro, of which the portion reversed to the income statement in the first six months of 2013 was 1,550 thousand Euro.
- The financial payables for leasing contracts for a total of 9,912 thousand Euro referred essentially to the residual on the purchasing contracts for a building located in Porcari (Lucca), and the technologies used at the betting acceptance points, described in detail in note 14 "tangible fixed assets".
- the recording of Fair Value at 30 June 2013 for the two hedging contracts on interest risks, Interest Rate Swap transaction, undersigned in August 2011 with two leading banks for a total value of 300 million Euro effective from 31 December 2011 and expiring on 31 December 2015, as detailed further in note 34. The underwriting of interest rate hedging contracts was provided for in the funding activated in March 2011 for a portion of the total value.

Non-current financial payables include a nominal value of 70,000 thousand Euro expiring beyond 5 years.

Following the agreements reached on 08 March 2011, with Unicredit S.p.A., Banca IMI S.p.A. and Deutsche Bank S.p.A., SNAI S.p.A. signed a medium/long term funding contract divided up into various credit lines for an initial total of 490 million Euro; this transaction as subject to the finalisation of the acquisition of the majority shareholding in SNAI S.p.A. by Global Games S.p.A.., previously held by SNAI Servizi S.p.A.. The loan at 30 June 2013 stands at 430 million Euro as the Acquisition facility credit line for 60 million that had brought the total funding granted to 490 million Euro lapsed in November 2012, because it had not been utilised within the set deadline.

The loan contract credit lines are paid at the Euribor rate as set by the contract, to which a margin is added that generally varies between 4.50 and 5.25% p.a. and can be adjusted due to the effect of the so-called Margin Ratchet.

An overview of the facilities is provided below:

figures in thousands of Euro

Facility	Amount financed	Duration	Interest period	Expiry date	Repayment procedures	Utilisation/Repayments	
						Date	**Amount**
Facility A	115,000	6 years from the contract signing date	3 months	29/03/2017	Amortizing (12 six-monthly instalments from 31 December 2011)	29/03/2011	115,000
						31/12/2011	-1,150
						29/06/2012	-1,150
						28/12/2012	-4,600
						29/06/2013	-4,600
							103,500
Facility B	135,000	7 years from the contract signing date	3 months	29/03/2018	Bullet	29/03/2011	135,000
Capex facility	80,000	7 years from the contract signing date	3 months	29/03/2018	Amortizing (9 six-monthly instalments from 30 June 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 contract signing date (extended in September 2012)	6 months	28/09/2018	Bullet	29/03/2011	70,000
Revolving facility	30,000	6 years from the contract signing date	1, 3 or 6 months	29/03/2017	Each loan must be repaid on the last day of the interest period. During the availability period, the repaid amounts can be re-utilised.	09/11/2012	9,000
						18/01/2013	9,000
							18,000
Total	**430,000**					**Utilised and repaid at 30/06/2013:**	**373,250**

Included among the obligations set in the loan contract, is compliance with the financial covenants, to be calculated as from 31 December 2011. These covenants refer inter alia to: EBITDA, net financial debt and investments. The calculation formulated to apply to the covenants at 30 June 2013 does not fall outside the contract parameters. For further details, reference is made to note 38.1.

28. Provision for future risks and charges, disputes and potential liabilities

SNAI is a party in civil and administrative proceedings, and in legal action associated with the normal conducting of its business. Based on the information currently available, and taking into consideration the existing provisions, SNAI believes that said proceedings and actions will not create significant negative effects for the consolidated Financial Statements. A summary of the more significant proceedings are outlined below; unless otherwise indicated, no allocation was made in respect of the disputes detailed below in the case where SNAI deems that an unfavourable outcome to the proceedings is only possible (or not probable), or because the amount for the provision cannot be reliably estimated.

At 30 June 2013, the risks and charges provision amounted to 16,688 thousand Euro, and the movement and details are shown in the table below:

thousands of Euro	Technology upgrades	Tax disputes, civil disputes and contract risks	Total
Balance at 31 December 2012	**2,716**	**22,420**	**25,136**
Provisions made in the period	140	318	458
Net utilisation for the period	0	(8,906)	(8,906)
Balance at 30 June 2013	**2,856**	**13,832**	**16,688**

Technology upgrades
The technology upgrades provision is made up as follows:
- for 2,676 thousand Euro by the occasional provisions for technology upgrades, as required by the concession agreement for implementing and operating the network for the on-line operations of lawful gaming using amusement and entertainment devices, provided for under article 110, section 6 of the T.U.L.P.S.,pursuant to Royal Decree no. 773 of 18 June 1931 and subsequent amendments, as well as the related activities and functions.
- for 180 thousand Euro by the estimate of the costs to incur for technology upgrades on gaming terminals.

Tax disputes, civil disputes and contract risks
The risks provision for tax and civil litigation and contract risks includes the total amount estimated to cover the residual risk items relating to finalising disputes with third parties, including those relating to fiscal, tax and contributions for 13,832 thousand Euro.

The provision of 318 thousand Euro for the period referred to cases with employees and former employees, and charges for the companies in liquidation.

The utilisation of 8,906 thousand Euro for the period referred:

- for 2,886 thousand Euro to set the fines and interest for the late single tax ["imposta unica"] payment for 2009 and 2010: the total amount calculated is 5,534 thousand Euro, of which 1,879 was paid in June and the remainder owing was recorded in tax payables;
- for 3,412 thousand Euro to set the fines and interest for the late flat PREU 2010 payment, reclassified under other payables;
- for 380 thousand Euro to draw up the Formal Report on Findings – (PVC) for the year 2011;
- for 1,465 thousand Euro to the penalty imposed by AAMS for the Barcrest event;
- for 191 thousand Euro to the PREU 2012 balance;
- for 387 thousand Euro to transactions with employees and assistants;
- for 185 thousand Euro to other uses.

Disputes relating to the entertainment device business: formal notice from the Court of Auditors ["Corte dei Conti"] and AAMS for alleged breaches in the management of the interconnection on-line network

In its capacity as concession holder for operating the interconnection of the on-line network for entertainment devices, in June 2007 SNAI had received notice from the Regional Prosecutor's Office at the Auditor's Court ["Corte dei Conti"] in Lazio, asking SNAI to present information regarding an investigation on an assumption of loss of tax revenue caused due to the fact that only part of the machines were correctly connected to the State IT network (SOGEI), from which AAMS obtained the basis for the PREU calculation. The presumed loss in tax revenue amounted to about 4.8 billion Euro, which was represented entirely by the penalties for the alleged failure of the concession holder to comply with the service levels required by the concession.

In June 2007, AAMS also filed a notice to impose standard penalties for 20 billion against SNAI.
SNAI, together with the other concession holders petitioned the Supreme Court of Appeal, claiming that the Auditor's Court did not have jurisdiction in the disputed matter.
The Company also petitioned the Administrative Regional Court ["TAR"] against the AAMS notice.
At the hearing on 04.12.2008, the Jurisdictional Section for Lazio at the Auditor's Court ordered the suspension of proceedings pending the decision from the Supreme Court of Appeal.

The Combined Sections of the Supreme Court of Appeal confirmed the abstract admissibility of an overlapping between the action relating to the loss of tax revenue falling under the Auditor's Court and that of contractual liability (falling under AAMS and the Administrative Judge); at the same time, this decision did nothing to dissipate the ambiguity of the initial application for the compensation of tax revenue, which according to our legal counsel, currently invalidates the summons before the Auditor's Court based on recent regulations that have been issued.

In addition to this opinion, it also appears that the damage is unsubstantiated, given that it cannot be proven from the concession holders' conduct.

Nonetheless, after the decision by the Supreme Court of Appeal, the Auditor's Court reopened proceedings, and on 24 March 2010 the Company received the communication (summons) from the Regional Prosecutor's Office of the Auditor's Court setting the next hearing for 11 October 2010; the hearing concluded after several hours of debate and examination by the Prosecutor, with all the opinions included in the decision. SNAI's defence argued extensively against the allegations and the Auditor's Court reserved its judgment.
The judgment/order issued by the Auditor's Court on this occasion ordered a court-appointed technical expert with DIGIT-PA [Public body for the computerisation of the Public Administration] to conduct a technical assessment, checking with the parties and Prosecution, and setting the 11 August 2011 as the deadline to submit the report; this was subsequently extended to the end of September. On 30 September 2011, DIGIT-PA submitted its technical report. On 27 October 2011, the Company filed its own technical report.
At the hearing on 24 November 2011, defence was presented by the defence counsel from the concession holders and AAMS operators in response to the Regional Prosecution's closing arguments. It was also learnt at the start of the hearing and only because reference was made in this regard by one of the two Judges in the hearing, that the Prosecution had filed additional probatory documentation on 22 March 2011. This was followed by the concession holders' defence obviously requesting a postponement to examine and respond to the new evidence, seeing that access to this had been obstructed by the Secretarial Office of the Auditor's Court, on the supposition that (this was stated a number of times), there were no other submissions by the Prosecution. The Judge President was against allowing a postponement, and the verbal defence therefore went ahead with a note for the records that the conclusions were not accepted on the acquired evidence without the guarantee of interjection. SNAI's defence concluded that an acquittal judgment should be handed down, because if the charge were based on what had been acquired by the Prosecution on 22 March 2011, it would certainly be compromised. Apart from this procedural issue, the defence was extensive with arguments supporting both the other procedural objections for failing to respect the supplementary order (in SNAI's opinion, not discharged entirely by the Prosecution with the simple notice to SOGEI without any question specifically addressed to them), and with regard to the other shortcomings in the arguments once again put forward by the Prosecution.
In this respect, SNAI's defence progressively reiterated the unsubstantiated nature of the inefficiencies, the non-applicability of the penalties other than those applied in terms of the contract, where the Council of State ["Consiglio di Stato"] would be responsible (already recognised as unjustified in several cases), and finally that there was nothing to be debited as a result of gross negligence.
Subsequent to this extensive and well-articulated debate, the Court delivered its decision.
Judgment no. 214/2012 published on 17 February 2012 convicted all the concession holders involved; SNAI in particular was ordered to pay an amount of 210 million Euro (including the inflation allowance), as well as interest from the date the judgment was published until full payment was made, by way of compensation for the alleged loss in tax revenue consequent to the Company's presumed non-compliance with the service levels required by the concession.
On 11 May 2012, SNAI filed an appeal against judgment 214/2012 because it was censurable in a number of respects. It should be noted that the filing of an appeal suspends the enforcement of judgment.
In view of the considerations illustrated and legal opinions received, the Directors believe that the risk of an adverse outcome for the Company subsequent to the appeal could be calculated for amounts that in all likelihood will be lower compared to those referred to in the judgment in question.
For these reasons, no additional provisions have been made, other than those stated under legal expenses in the balance sheet.
It should be noted that an eventual negative outcome to the appeal and the failure to revise the penalty figure could impact the Group as an ongoing concern.

A parallel action initiated by SNAI and the other concession holders to establish the invalidity of the summons because it goes against art. 17 section 30 ter of Italian Legislative Decree 78/99 ("Bernardo award") is currently pending at appeal level.

With reference to the orders issued by AAMS, the Regional Administrative Court [TAR] had already given its decision on the standard penalties imposed by AAMS in June 2007, firstly suspending their application, and then ordering their cancellation with judgment no. 2728 of 01 April 2008, which has now become definitive. With regard to the first group of three charges - relating to the alleged delay in the start-up, activation and running of the Network - the AAMS reverted to imposing the relevant penalties with letters protocol no. 33992/Giochi/UD on 02 September 2008, protocol no. 38109/Giochi/UD on 01 October 2008, and protocol no. 40216/Giochi/UD on 16 October 2008, for a total amount of over 2 million Euro in respect of SNAI, who has also contested these sanctions before the Regional Administrative Court [TAR] of Lazio.

The Lazio TAR judgment no. 12245/2009 of 01 December 2009 that rejected this second appeal, similarly to what happened with the appeals of the other nine concession holders was appealed by SNAI. The hearing for the appeal was held on 20 March 2012 and with judgment no. 2192/2012 of 16 April 2012 the Council of State on appeal, cancelled the measures imposed by the first penalties.
On 23 June 2012, the Company was notified of the objection raised by SOGEI S.p.A. against judgment 2192/2012. SNAI will enter an appearance according to the required procedural rules, once the date of the hearing for the debate is made known; this is currently pending.

In its letter protocol no. 2011/6303/Giochi/ADI dated 22 February 2011, AAMS formally reinstated the proceedings for the application of the fourth penalty, relating to the alleged breach in the gateway service level referred to during the period between July 2005 and March 2008, in other words, when the additional agreement indicated above cancelled the provision for the future.

Based on the data and criteria examined by the technical Commission referred to above, and in compliance with the maximum annual threshold introduced with latest regulations, AAMS imposed the penalty on SNAI, calculated for a total of Euro 8,480,745.00 (reduced to 7,463,991.85 to comply with the above maximum threshold for 2005 in the event that the Council of State had confirmed the first three penalties).
Subsequent to the partial access to the computer data base collected by SOGEI S.p.A. with its memory of 08 June 2011, SNAI nonetheless presented comprehensive method and merit based arguments on the reliability and correctness of the charges, reserving the right to extend these once it had completed accessing the files.
On 28 September 2011, the login was done relating to the information referring to the interrogation of the devices carried out via the access gateway.
The information extracted was examined in the technical report by Prof. Listanti, which constituted the basis for the supplementary memo that was filed with AAMS on 27 October 2011.

With letter protocol no. 2012/7455/Giochi/ADI dated 17/02/2012 and received on 27/02, AAMS imposed the penalty against SNAI relating to the combined provisions under art. 27, section 3, point b) of the concession agreement and paragraph 2 of its Annex 3, for a total amount of Euro 8,408,513.86.
On 27 April 2012, SNAI entered an appeal contesting this order before the Administrative Judge, with a request that it be cancelled, prior to its precautionary suspension.
On 24 May 2012, the Second Section of the TAR of Lazio with order no. 1829/2012 suspended the validity of the order applying the fourth penalty, setting the relevant debate for 20 February 2013.
On the 20 February 2013, the public hearing on merit was held, and on 17 June 2013 judgment no.6028/2013 was filed based on which the Second Section of the TAR of Lazio accepted SNAI's petition, and duly cancelled AAMS order imposing the penalty.

Based on what has been set out above and the opinions of its external lawyers, the Group deems the risks provision in the balance sheet for 2.2 million Euro to be adequate to cover possible liabilities relating to AAMS claims that could result from the legal proceedings underway and to be initiated.

Dispute relating to the entertainment device business: PREU risks provision

It should be remembered that the Company has received certain notifications from AAMS for the alleged breach regarding the failure to make PREU payments for the years 2004 to 2009 when operating the network. The most recent developments in the various rulings subdivided according to the year contested, are set out below.

On 08 January 2009, the Regional Tuscan and Umbria Office of AAMS with headquarters in Florence notified SNAI of the results of the computerised check relating to the settlement of the government applicable tax ("Prelievo Erariale Unico" PREU) relating to 2004 - 2005. The check found errors and incompleteness, which were promptly notified on 06 February 2009. In a letter dated 25 June 2009, AAMS advised that based on the observations previously referred to, the errors and incompleteness found had been considered. From this additional check by AAMS, a new letter was sent on 25 June 2009, in which notification was given of the PREU to pay for 729 thousand Euro, the interest due for 451 thousand Euro and ordinary penalties for 11,780 thousand Euro, which when reduced by 1/6 amounted to 1,963 thousand Euro.
On 29 July 2009, payment by instalments was requested as provided in the communication referred to; this was accepted by AAMS on 30 July 2009. On the same day, the Company promptly paid the first instalment. At the same time, on 30 July 2009 an appeal was submitted to the TAR in Lazio against this notice. A similar mechanism was pursued for the 2006 PREU, where in January 2010, the AAMS had claimed the tax to be

paid for 243 thousand Euro, interest due for 151 thousand Euro and reduced penalties for 556 thousand Euro, where the payment in instalments over a number of years had already been arranged. Based on a specific legal opinion the Company deems that there are reasonable grounds to expect a positive outcome to the proposed appeal, which would result in the allegations being set aside, especially with regard to the application of interest and penalties, which the Company has prudently paid with the benefit of a deferment.
Consequent to this, the Company included an adequate risks provision to hedge against possible liabilities relating to the penalties that could result from the legal proceedings underway, with the other tax liabilities required for the years 2004-2005-2006.
On 30 December 2009, AAMS notified SNAI of an "amicable settlement" regarding the PREU due for 2007. The amount claimed was 2.8 million Euro for the PREU and 300 thousand Euro for interest and penalties. On 02 February 2010, SNAI responded by presenting arguments in this regard, especially pertaining to the calculations made by AAMS. In its remarks, the Company pointed out the errors and incompleteness of the AAMS communication, which had quantified the PREU tax at 646 thousand Euro, and the amount due in total for PREU, interest and penalties at 765 thousand Euro. This amount was authorised for payment over 20 quarterly instalments, starting from 02/08/2010 until 01/06/2015. This instalment based amount was therefore recorded among the liabilities referred to, and at the same time the provision was utilised for the same amount.

On 16 December 2010, a further "amicable settlement" was received from AAMS for the PREU relating to 2008, referring to 127 thousand Euro for PREU and 149 thousand Euro for penalties and interest respectively, which the parent company contested with remarks and observations. On 30 June 2011, SNAI received the final demand for the 2008 PREU for a total of 183 thousand Euro (45 thousand Euro for PREU, 105 thousand Euro for penalties and 33 thousand Euro for interest). on 22 July 2011, SNAI made full payment of this amount.
On 05 January 2012, a further "amicable settlement" was received from AAMS for the PREU relating to 2009, referring to 64,137.09 thousand Euro for PREU, 20,486.38 Euro for interest and 339,222.69 Euro for penalties, which SNAI contested with remarks and observations on 02 February 2012. On 25 June 2012, SNAI received the final demand for the 2009 PREU for a total of Euro 137,907.91 (25,394.40 Euro for PREU, 5,227.96 Euro for interest and 107,285.55 Euro for penalties). This amount that had already been provided for in the risks provision at 31 December 2011 was then reclassified during 2012 among the liabilities subsequent to the instalment agreement.
On 02 January 2013, SNAI received an additional PREU settlement agreement relating to 2010, which on the one hand contained a credit for SNAI due to the excess PREU paid for Euro 21,947.21, and on the other, penalties reduced to Euro 2,933,107.07 and interest for 478,809.97 for late payments.
On 31 January 2013, SNAI submitted its remarks aimed at rectifying the calculations contained in the amicable settlement letter.
On 27 June 2013, SNAI received the final demand for the 2010 PREU, with Euro 478,743.04 for interest and Euro 2,932,904.43 for reduced penalties. SNAI applied for payment by instalments.
At 31 December 2012, the Directors provided an appropriate risk provision to cover these liabilities, and at 30 June 2013 this was reclassified among the other current liabilities.

Dispute relating to the entertainment device business: disclosure judgment made by Deputy Public Prosecutor at the Auditor's Court and consequent reporting

In April 2010, the Regional Prosecutor at the Auditor's Court served SNAI and another 46 concession holders of lawful gaming with a notification pursuant to article 46 of Royal Decree 1214/1934 and a contextual demand pursuant to art. 41 of Royal Decree 1038/1933 for details of the formulation of the company's accounts, due to the alleged omitted reporting of the "court-ordered account" relating to all the flows resulting from managing lawful gaming as a network concession holder.

The demand for disclosure was reiterated with an order from the Judge President of the Regional Lazio section of the Auditor's Court, with a deadline set for the relevant submission. The calculation made in respect of SNAI was contested in a defence statement, as the latter does not manage public funds, but is a taxable entity for PREU. On 27 April 2010, the Regional Prosecutor served a summons of proceedings to convict SNIA for failed disclosure. In the hearing on 07 October 2010 pertinent to the penalties alleged by the Prosecutor for the presumed delay in submitting the accounts, the Court heard the considerations of the Prosecution and defence counsel for SNAI and the other concession holders that were subject to the same proceedings.
The legal teams presented analytical arguments on the substantive unfounded nature of the Prosecutor's demands, requesting that the Court should assess the applications for being exonerating for liability for the delay, taking into account the methods used for reporting based on modern on-line communication of the relevant data to Sogei S.p.A., as a replacement for applying the regulations dating back to 1862 to whoever "managed" public funding.

At the hearing on 07 October 2010, the Auditor's Court in its judgment no. 2186/2010 fully rejected the Prosecution's demands, charging AAMS for the failure to report the court-ordered account within the required deadlines. ON 11 March 2011, SNAI was advised of the appeal by the Prosecution.
Based on the Company's lawyers, the appeal arguments appear reasonably surmountable and on this basis. the relevant defence was prepared for the public hearing set for 13 March 2013 At the hearing on 13 March 2013, a postponement was ordered until the 18 December 2013.
Once again based on legal opinion, the risk of an adverse outcome can be defined as improbable, and in line with this, the Directors made provision only for the legal costs estimated for the defence.

Besides the disclosure case, in 2012 the reporting case also got underway, which was charged with checking on the compliance of the account presented by the Magistrate appointed by the Judge President of the Court. At the hearing on 17 January 2013, the Magistrate in support of his own findings report , referred to an opinion issued by the Combined Sections of the Auditor's Court to AAMS regarding the new court-appointed account reporting model; the Court therefore postponed the case to 16 May 2013, making a copy of this opinion available to the parties. In judgment 448/2013 filed on 14 June 2013, the Jurisdictional Section of the Lazio Region Court of Auditor's declared the court-appointed account as procedurally inadmissible, and forwarded its decision to the Regional Prosecution to check on possible administrative liability.
Based on legal opinion, the risk of an adverse outcome can be defined as remote, and in line with this, the Directors made provision only for the legal costs estimated for the defence.

Malfunctioning of VLT Barcrest platform (16 April 2012)

On 16 April 2012, an abnormal peak occurred on the Barcrest System (one of the VLT platforms used by the Company at the time), for "jackpot" payment requests against only apparently winning tickets and for differing nominal amounts, which fell within the regulatory limit of Euro 500,000.00 or some even exceeding this limit quite significantly.
SNAI immediately shut down the Barcrest System following this episode, and based also on the shutdown order issued by AAMS, so as to conduct the necessary checks and inspection. From that date the Barcrest System was therefore no longer operational. From the outcome of the checks that were also conducted with the support of independent IT technicians, it emerged that no Jackpot winnings had been generated by the Barcrest System for the entire day of the 16.04.2012.

This event resulted in the following:

Disputes relating to the entertainment device business: formal notice from AAMS for alleged breaches in the operation of the interconnection on-line network

On 29 May 2012, AAMS made two specific claims regarding what had happened on 16 April 2012: the first directed at possibly revoking the compliance certificate for the Snai-Barcrest 01 gaming system, and the second directed at the possible lapsing of the Concession.
In order with protocol no. 2012/42503/Giochi/ADI dated 21 September 2012, AAMS revoked the compliance certificate for the Snai-Barcrest 01 gaming system, resulting in bet taking being forbidden from this system that had already been shut down by SNAI since 16.04.2012. SNAI has already carried out the requirements provided for by the relevant regulations and the Concession agreement aimed at removing the Barcrest devices from the points of sale.

The claim relating on the other hand to the possible lapsing of the Concession concluded with the order under protocol no. 2013/8342/Giochi/ADI that was served on the Company on 22 February 2013, based on which AAMS stated that it would not need to cancel the Concession, and limited the order to applying certain standard penalties, which amounted to a total of about 1.5 million Euro.
In its letter protocol no. 2013/2070/Giochi/ADI dated 11 June 2013, and notified on 18 June 2013, AAMS informed SNAI that a penalty of Euro 1,465,000.00 was being imposed, setting payment for within 60 (sixty) days from the serving of notice.
SNAI shall make payment within the deadline.

At 31 December 2012, the Directors made provision for an appropriate risks provision to cover these liabilities.

- Disputes brought by holders of "allegedly winning" tickets consequent to the malfunctioning of the VLT Barcrest platform

Subsequent to the malfunctioning of the VLT Barcrest platform that occurred on 16 April 2012, some holders of "allegedly winning" tickets brought ordinary proceedings/ monitory/ summary proceedings in order to obtain payment on the amounts indicated on the tickets issued by the VLT Barcrest during this malfunction and/or compensation for damages.

Specifically, on 30 June 2013 80 proceedings were brought, as well as 1 mediation application. Included in these 80 actions are 9 temporarily enforceable injunctions, which can be summarised as follows:

- in two instances, players were awarded about Euro 500,000.00. In one of these cases, once SNAI had obtained the suspension of the temporary enforceability, it applied for and obtained the preventive sequestration order on the player's assets up to Euro 650,000.00;
- in another case, the temporary enforceability was suspended pending the court-ordered deposit of Euro 500,000.00 by SNAI;
- in the remaining cases, the temporary enforceability was suspended pending the examination of the defence presented by SNAI in this regard, and in three of these cases the enforcement procedure initiated was suspended.

Subsequently to 30.06.2013 one additional court proceedings was brought.

It is noted further that one of the cases has in the meantime lapsed due to no action being taken by the player.
SNAI has entered and will be entering an appearance in all of the above proceedings, contesting the payment applications in both fact and law, given that as SNAI had already informed the market and the relevant Regulatory Authorities, no jackpot had been validly obtained during the entire day of 16 April 2012. Based on the above considerations and the opinions of its legal team. the Directors deem the risk of an adverse outcome to no longer be probable,

During 2012, SNAI has claimed against Barcrest and its subsidiaries for the compensation of all damages resulting from the malfunction on 16 April 2012. The summonsed companies have entered an appearance, objecting to SNAI's claims, and asking that the latter be ordered to pay alleged fees owing and the compensation of damages, which will be quantified during the case.

Proceedings relating to the cancellation/lapsing of certain rights awarded pursuant to the Bersani Tender

With reference to the cancellation of 107 rights relating to the authorisation and lapsing of rights notified by AAMS due to the failed activation or unauthorised suspension of gaming activities (relating to 107 rights allocated to SNAI based on the "Bersani tender"), and with reference to 3 notices that proceedings would be brought with the aim of cancelling the authorisation and lapsing of rights notified by AAMS (relating to 3 rights allocated to SNAI based on the "Basani tender"), the Company promptly filed the relevant appeals with the TAR in Lazio.

The matters have not yet been finalised. Based on the legal opinions obtained and given the uncertainty characterising the issue, SNAI deems the risk of a negative outcome to these claims as possible.

Disputes related to the betting business: Minimum Guarantees

It should be remembered that SNAI has received various notices from AAMS regarding the lower volume recorded by certain horse racing and sports Concessions during 2007-2008, and in respect of which AAMS had requested fees as minimum guarantees. The most recent developments in the various rulings subdivided according to the year contested, are set out below.

With AAMS letter no. 2009/20716 dated 29 May 2009, the Authority demanded minimum guarantee payments for 2008 from SNAI for a total of about Euro 11.1 million. On 17 September 2009, through its legal representative, the Company submitted the relevant appeal to the TAR in Lazio, for the cancellation with the suspension of the orders demanding payment of minimum guarantees for 2008.

In its judgment no.10860/2009 published on 05 November 2009, TAR accepted the appeal filed by SNAI, cancelling the demand by AAMS relating to the payment of minimum guarantees for 2008.

A similar procedure was initiated regarding the AAMS demand for 2009 referring to 204 horse racing concession holders for a total amount of Euro 7.4 million, in respect of which a precautionary request was submitted with the TAR in Lazio so as to expedite the conclusion of the proceedings.
In addition, subsequent to the extensive dispute brought before the TAR in Lazio by a number of horse racing concession holder relating to the minimum guarantees for 2006-2007, TAR handed down judgments no. 6521 and 6522 on 07 July 2009 cancelling the payment demands made by AAMS, holding that these were unlawful as they had not been preceded by the setting of the "safeguarding measures" required y Law in respect of the concession holders that existed previously to the opening of the market with Italian Legislative Decree no. 223/06 (so-called "Bersani reform"). TAR also held that AAMS had a legal obligation

to adopt these measures, which aimed at rebalancing operating conditions for concessions prior to the Bersani reform.
Based on these recitals, it can reasonably be expected that with all the concessions it holds, SNAI should benefit from the complete reformulation of the demands made by AAMS, by virtue of the adoption of the "safeguarding" measures.

It should also be noted with regard to the issue of minimum guarantees that pursuant to the AAMS demand, SNAI has made payment of the minimum guarantees for 2006 in the amount of 2.4 million Euro, without however providing acquiescence. The amount paid was recorded in the receivables from AAMS, because it was considered refundable, and the parent Company advised AAMS that it would be enforcing its rights at every relevant level, so that the amounts demanded could be redressed on a fairer basis and the Authorities conduct could be assessed. Recently, and at the request of other concession holders, the TAR in Lazio ordered the cancellation of the AAMS demands, and ordered this Authority to set the so-called "safeguarding measures" in view of the fact that with the Bersani tender and subsequent tenders, the regional exclusivity that had previously been granted with concessions had been superseded with the awarding of several additional concessions for collecting both horse racing and sports betting.

Finally, based on the letters in this regard sent by AAMS to another concession holder, with effect from the first fifteen-day payment for April 2011, the receivable for 2,429 thousand Euro for the above payment for minimum guarantees relating to 2006 paid by the Parent Company to AAMS during previous periods, was offset with the current liabilities of the fifteen-day payments to ASSI.

On 12 January 2012, AAMS served 226 - (to which an additional 2 must be added to the former Agenzia Ippica Monteverde Srl) demands for the payment of the minimum guarantees for 2006-07-08-09-10 for an all-inclusive amount of 25,000 thousand Euro on the assumption that the "safeguarding measures" required by art. 38, section 4 of Italian Legislative Decree no. 223/06 and lacking up till then had been implemented, to rather simply reiterate that it was impossible to adopt a calculation criterion for the minimum guarantees other than the one repeatedly censured by the many decisions by the TAR in Lazio, some of which had even become definitive judgments. SNAI entered an appeal before the TAR in Lazio for the cancellation, with the suspension of these enforceable demands. The date for the preliminary haring was set for 21.03.2012.
With order no. 1036/2012 dated 22 March 2012, the Second Section of the TAR in Lazio, while duly noting the steps taken to formalise the "safeguarding measures" in this long-standing matter from a regulatory standpoint, suspended the validity of the renewed demands for the minimum guarantees 2006-2010, postponing debate in this regard to the hearing of 05 December 2012.

On 20 June 2012, SNAI received from AAMS 226 (to which on another one must be added to the former Agenzia Ippica Monteverde Srl) demands for the payment of a supplement to the minimum guarantees for 2006-07-08-09-10-11 for a total all-inclusive amount of Euro 24.9 million.
Compared to the previous volley of demands in January 2012, the one in question recorded a negative sign against the addition of the supplement due for 2011 that had not been requested up to now by AAMS, and a positive in respect of the 5% reduction in the amount demanded pursuant to art, 10 section 5 point b) of Italian Legislative Decree no. 16 of 2 March 2012, which was converted into Law no. 44 of 26 April 2012.
More specifically, this regulation had stipulated with regard to "*the tax payments referred to under article 12 of Italian Presidential Decree no. 169 of 08 April 1998 and relevant amendments*" (the so-called "minimum guarantees") the "*equitable setting of a reduction of not more than 5 percent of the amounts still owing by the concession holders, referred to in Italian Presidential Decree no. 169 of 1998 with the finalising of the payment methods for the relevant amounts and adjusting of sureties*".
On 20 July 2012, an appeal was filed with the TAR in Lazio for the suspension and cancellation of these payment demands.
Subsequent to the hearing in Council Chambers on 12 September 2012, the Second Section of the Lazio TAR held that the contested letters were simply settlement proposals without any validity as new payment demands, given that they had not been accepted by the concession holder. This interpretation of the letters received and underlying provisions of Italian Legislative Decree no. 16/2012 on the one hand leave the possible protection in respect of possible payments that AAMS intends demanding as unprejudiced, and on the other hand, confirm the parallel suspension of the previous notes that were specifically demanding in nature, issued by AAMS on 30 December 2011, and in which regard the precautionary suspension already granted by TAR with order no. 1036/2012 referred to above is applicable.
It is noted further that the additional grounds filed in support of the appeal against the additional demand for "minimum guarantees" relating to horse racing concession no. 426, has exactly the same tenor as those already appealed, but which was only served by AAMS on 07 August 2012.
The matter was debated at the hearing set for 05 December 2012, which had been set together with the one already arranged for the appeals against the previous demands for minimum guarantees.
With judgment no. 1054 filed on 30 January 2013, the II Section of the TAR in Lazio accepted the objections of unconstitutionality proposed by SNAI regarding the provisions of Italian Legislative Decree no. 16/2012, ordering the suspension of the order and referred the matter to the Constitutional Court; at the same time, it

held that the original case proposed against the first demands from January 2012 could not proceed due to the lack of legal standing.
The protection measures in place with the suspended order in respect of SNAI continue to operate for the entire duration of the Constitutional Court case, not permitting AAMS to enforce the disputed orders. The hearing before the Constitutional Court was set for 08 October 2013.
On 06 June 2013, SNAI was notified of 98 demands for payment for the supplement to the minimum guarantees referring to 2012 for a total of Euro 3,328,018.72. As in the previous instances, SNAI will appeal these before the TAR in Lazio, asking for their cancellation.
With support of the opinion issued by its legal consultants, the Group deems the risk of an adverse outcome to the demands made by AAMS to date to only be probable, and has therefore made no risk provision on the balance sheet.

Penalties for exceeding AWP quotas

Subsequent to the application made by AAMS on 22 June 2012 referring to the information relating to the location of AWPs, where it was allegedly found that the number exceeded the limits set by the quota restrictions valid at the time, caused by the equipment relating to several concession holders being present at the same time from January - August 2011, in its letter dated 31 January 2013, SNAI had requested through non-judicial action that the anomaly found be corrected, thus at the same time cancelling the payment demand made by AAMS. A provision was made of 1.470 thousand Euro in this respect to fully cover the possible risk represented.

Other Disputes

SNAI/Omniludo S.r.l.

- Case no. 4194/2007. Omniludo S.r.l. brought proceedings against SNAI alleging the breach of its obligations pursuant to the contract applicable between the parties, referring to the "*management, maintenance and assistance provided by Omniludo S.r.l. on slot machines*" ("Contract of 29.06.05") and petitioned the Court:

  to establish and declare SNAI liable for the breach of its contractual obligations, and specifically the exclusive trading right pursuant to articles 3 and 4 of the Contract of 29/06/2005, and to order SNAI to pay compensation for various damages for a total amount of over € 100,000,000.00, with the final amount to be determined during the case.
  The evidence in the case was presented and postponed for the findings to the hearing of 10.12.2010, which was then again postponed to 17.06.2011. Once it had presented its conclusions, SNAI filed an application for the proceedings to be combined with other proceedings brought by SNAI (described below) and pending before the Court of Lucca, Dr. Giunti (R.G. 4810/10). The Judge reserved his judgment.
  With an order dated 10.02.2012, the Judge ordered that the file be referred to the Judge President of the Section to combine these proceedings with one detailed below or, for the case to be reassigned to Dr. Capozzi that had presided over the proceedings.
  With order dated 12.03.2012, the Judge President of the Court ordered that case 4194/07 be called together with case 4810/10 at the hearing before Judge Frizillo on 11.12.2013, so that the two could be combined.

  Based on the opinion of its lawyers, SNAI does not expect an adverse outcome to these proceedings.

- Case no. 4810/2010. With notice served on 16.11.2010, and based on the serious breach of the obligations undertaken with the Contract of 29.06.05, SNAI brought proceedings against Omniludo S.r.l. before the Court in Lucca petitioning the Court to accept the following conclusions:
  1) to find and declare a breach by Omniludo S.r.l. regarding the entrustment and the undertakings referred to in said contract;
  2) find and declare the cancellation of the Contract of 29/06/2005, given the serious breaches by Omniludo S.r.l. regarding its contractual and legal obligations;
  3) order the defendant to pay compensation for damages in the amount (prudently indicated) of € 40,000,000.00 or the amount determined on an equitable basis and the specification of the *quantum* in the statement pursuant to art. 183 /6 of the Italian Civil Procedural Code, to both compensate for the loss of profits and the prejudice caused to the Company's image and goodwill.

At the same time, SNAI presented an application pursuant to art. 163 bis of the Italian Civil Procedural Code to obtain the shortening of the deadline for an appearance; this was granted with an order issued by the Judge President at the Court of Lucca on 05.11.2010, setting the hearing for 07.01.2011. The case was then postponed to 02.02.2011. At this hearing, the Judge postponed the case for the filing of preliminary motions

to the 18.05.2011, providing the deadlines pursuant to art. 183 VI of the Italian Civil Procedural Code The case was then postponed to 23.11.2011.
During the hearing, the Judge reserved his decision on the preliminary applications. With order dated 7.3.2012 cancelling the reserve, the Judge deemed the case ready for a decision, and postponed the case for the hearing on 11.12.2013 for the concluding statements.
With order dated 12.03.2012, the Judge President of the Court ordered that case 4194/07 be called together with case 4810/10 at the hearing before Judge Frizilio on 11.12.2013, so that the two could be combined.
On 03.04.2012, OMNILUDO filed an application to have the court order issued by the Judge on 12.03.2012 cancelled, and the hearing set for the 11.12.2013 brought forward.
The Judge's decision is pending.
With an order issued on 23/04/2012, the Judge President at the Court in Lucca ordered the parties to appear at the hearing on 08/06/2012. At this hearing, the Judge appointed to decide on the application to bring the hearing forward, reserved his decision.
Holding that the conditions existed regarding the combination of proceedings, with an order dated 26.06.2012 the Judge President ordered that the cases be referred to Judge Frizillo to schedule the joining of the cases and for the concluding statements.
In an order handed down by Judge Frizilio dated 2.08.2012, case no. 4194/2007 and no. 4810/2010 were called to the hearing set for 11.12.2013.

Tesi Stefano /SNAI

In an application served on SNAI on 19/10/2011 pursuant to art. 702 of the Italian Civil Procedural Code, Mr Stefano Tesi summonsed SNAI to the hearing set down for 26 January 2012, to order SNAI to pay € 13,476,106.10 - or the amount that would be considered equitable – in addition to costs, on the allegation that the defendant had not et paid out the “extraordinary” winnings won by the former through a SNAI VLT.

SNAI entered an appearance within the set deadlines, to dispute the claims made in both fact and law, given that by Law VLTs could not pay out winnings of more than € 500,000.00, and filed a claim against the manufacturer as the event could had probably been caused by a defect in the VLT. Subsequent to the SNAI's application for a deferral, so as to proceed with serving notice to the third party defendant (BARCREST Group Limited with registered offices in the United Kingdom), the President Judge in Lucca postponed the hearing to 03/07/2012. The BARCREST Group entered an appearance at this hearing and the Presiding Judge reserved its decision. With an order cancelling the reserve, the Presiding Judge ordered a change to the ordinary proceedings, setting the hearing pursuant to art. 183 of the Italian Civil Procedural Code to 09.10.2012. During this hearing, the case was postponed to 12.03.2013 for the admission of the preliminary motions. At the hearing of 12.03.2013, certain evidence submitted by SNAI was admitted, while the evidence filed by Tesi was not. At the hearing on 28/05/2013, the Judge postponed the case to the 02/07/2014 for the concluding statements.
Based on the opinion of its lawyers, SNAI believes the risk of an adverse outcome is possible regarding not so much the amount claimed by the counterparty, but rather the maximum winnings permitted for the Jackpot category of Euro 500,000.00.
This also in consideration of the third party claim made against the manufacturer Barcrest Ltd, as the guarantor for this payout, which SNAI may be compelled to make for any reason, based on Tesi's claim.

Ainvest Private Equity S.r.l./SNAI

In an application served on 14 March 2012, Ainvest Private Equity S.r.l. summonsed SNAI before the Court in Lucca petitioning that SNAI be ordered to pay the alleged performance fee relating to the Company having obtained certain bank loans for an amount of about 4 million Euro. SNAI entered its appearance within the set deadline, presenting its defence and contesting the unsubstantiated nature of the counterparty's claims. At the hearing on 15 February 2013, the Judge ordered that the translation of documents filed by Ainvest in a foreign language. The case was assigned to a new Judge, who then with the order of 07/06/2013 ordered the postponement of the case to 11/10/2013. During the hearing, Ainvest applied for the order requiring the translation of the English documents to be cancelled.
Based on legal advice, the Directors deem an adverse outcome to the proceedings as possible.

Potential activities: Receivable on Di Majo award

At the end of the 1990s, a dispute arose among various horse racing concession holders against the Ministry of the Economy and the Ministry of Agricultural Policy concerning alleged delays and breaches committed by the Ministries referred to above.

The matter was initially concluded with the issuing of the so-called di Majo Award” in 2003, based on which the Arbitration Board presided over by Prof. Di Majo, and established to resolve the dispute, found that the

abovementioned Ministries were liable and ordered them to pay compensation for damages suffered by the concession holders.
The compensation awarded to SNAI at 30 June 2006 amounted to Euro 2.3 million.
The compensation relating to subsequent years has not yet been determined in its entirety.
The Ministries have lodged an appeal against this decision before the Appeal Court in Rome.
The decision was reserved at hearing held on 14 December 2012.

In addition to these legal matters, on 22 June 2010, Assosnai (Associazione di categoria dei concessionari – the Association of Concession Holders) sent AAMS a letter in which it proposed a settlement of the dispute with the offset ting of the receivables held by horse racing concession holders and owing by the Ministries with debts related to the horse racing concession holders owed to AAMS (with an express waiver of the interest accruing on these receivables, monetary adjustments and enforcement actions initiated) and the waiver by the abovementioned Ministries to continue with the proceedings pending before the Appeal Court in Rome.
AAMS filed a formal application to the Attorney General in respect of the letter forwarded by Assosnai, and notified Assosnai that the Attorney General had confirmed the proposed dispute settlement.
To date, the other settlement agreement has not yet been finalised.
Nonetheless, the offsetting of receivables under the Di Majo Award has already been authorized by a specific ruling issued by AAMS, which SNAI has carried out for an amount of Euro 19,065,823.81.

It should be noted that should the settlement agreement not be signed, and the Court of Appeal declares the Di Majo invalid, the offsetting referred to previously would be carried out with a non-existent receivable, thus reinstating the offset debt. This is the reason why the recording this debt has been kept (see note 29), and the earnings relating to the offset receivable have not yet been charged to the balance sheet.

Dispute Regional AAMS Offices 2006 PREU

This refers to 41 objections raised by the Regional AAMS Offices, referring to the reading of entertainment devices' counters pursuant to art. 110, section 6a of the TULPS (so-called AWP), which calculates the differences compared to the payments made by the concession holder regarding each individual device.
The total amount demanded by way of penalties and PREU comes to € 786,876.85 (€ 193,427.76 as penalties + € 593,449.09 as PREU), excluding interest.
SNAI has filed objections against audit notices arising from these notices with the relevant Provincial Tax Commission, asking firstly for the disputed audit notice's enforcement to be suspended.

With regard to proceedings initiated, the following is noted:

- in respect of 4 audit notices, AAMS has issued a cancellation order (filed)
  in respect of 16 proceedings, the suspension was accepted, at the relevant merit hearing on 05/06/2013 the decision was reserved.
- in respect of 1 proceeding, the scheduling of the hearing date on the suspension and merit is pending.
- in respect of 18 proceedings, the claims filed by SNAI were accepted, with 3 due to the discontinuance of the matter being disputed.
- AAMS has filed an appeal in respect of 14 judgments before the relevant Regional Tax Commission.
- SNAI has filed its defence statements.
- in respect of 1 proceeding, judgment was handed down denying the application filed by SNAI. SNAI has lodged an appeal before the relevant Regional Tax Commission for 1 proceeding, where judgment was handed down denying the application filed by SNAI. SNAI appealed the judgment before the Regional Tax Commission. The appeal was denied with the first instance judgment confirmed.

Based on legal advice, the Directors deem the risk of an adverse outcome for the proceedings still pending to be possible.

Dispute Regional AAMS Offices 2007 PREU

This refers to 12 objections raised by the Regional AAMS Offices, referring to the reading of entertainment devices' counters pursuant to art. 110, section 6a of the TULPS (so-called AWP), which calculates the differences compared to the payments made by the concession holder regarding each individual device.
The total amount demanded by way of penalties and PREU comes to € 82,101.58 (€ 49,6383.24 as penalties + € 32,418.34 as PREU), excluding interest.
SNAI has filed objections against audit notices arising from these notices with the relevant Provincial Tax Commission.

With regard to proceedings initiated, the following is noted:

- in respect of 1 audit notice, AAMS has issued a cancellation order (filed)

- in respect of 2 proceedings, judgment was handed down accepting SNAI's application.
- in respect of 8 proceedings, the scheduling of the hearing date on the suspension and merit is pending.

in respect of 1 proceeding, after brief debate on the suspension application at the hearing on 04/07/2013, the Provincial Tax Commission reserved its decision. The scheduling of the hearing is still pending.
Based on legal advice, the Directors deem the risk of an adverse outcome for the proceedings still pending to be possible.

Odds on 02.10.2012

Due to an anomaly occurring on 02 October 2012, for only a few minutes, sporting events and especially the Under Over 5.5 and Under Over second half 0.5 betting was offered and quoted at rates that were obviously incorrect.
Some players took advantage of this error, having realised the unusual rate being offered they took a series of simple and systematic bets on both the on-line portal www.snai.it and through physical channels.
SNAI promptly informed AAMS regarding what had happened, before the event.

Certain players have instituted proceedings to obtain the payment of their winnings.
SNAI is preparing its defence, in view on previous case laws that found in favour of the concession holder that published defective odds that were recognisable errors, and appeared in court in accordance with the provisions of the law.
In three cases however, the players made claims to the Commission regarding gaming transparency with AAMS, claiming payment of their winnings. In its decision no. 4/2013, no. 5/2013 and no. 6/2013 on 29/04/2013, the Commission accepted the claims.
Considering the nature and characteristics of the AAMS orders, SNAI decided not to challenge them, but it is assessing the possibility of pre-empting action before the Judicial Authorities in order to obtain a negative ruling regarding the obligation to pay the parties that have made a claim.

29. Various payables and other liabilities

Various payables and non-current liabilities are made up as follows:

thousands of Euro	**30.06.2013**	**31.12.2012**	**Change**
Various payables and other non-current liabilities			
Tax payables			
- PVC instalment payments	1,101	1,429	(328)
	1,101	**1,429**	**(328)**
Other payables			
- for PREU instalments from previous years	283	509	(226)
- for security deposits payable	0	13	(13)
	283	**522**	**(239)**
Total various payables and other non-current liabilities	**1,384**	**1,951**	**(567)**

The other current assets are made up as follows:

thousands of Euro	**30.06.2013**	**31.12.2012**	**Change**
Other current liabilities			
Tax payables			
- Income tax	1,497	1,038	459
- VAT	1,084	716	368
- Single Tax	25,939	5,222	20,717
- PVC instalment payments	1,982	3,119	(1,137)
- other tax payables	945	1,777	(832)
	31,447	**11,872**	**19,575**
Payables to social security institutions			
- Social security institutions	2,301	2,156	145
	2,301	**2,156**	**145**
Other payables			

- to AAMS for PREU balances	4,751	16,252	(11,501)
- to AAMS for security deposits ADI	2,219	2,705	(486)
- for PREU instalments from previous years	3,919	499	3,420
- Other payables to AAMS	1,465	0	1,465
- to winners and VLT jackpot reserve	9,046	7,401	1,645
- to AAMS for concession fee	1,330	1,622	(292)
- to players for antepost betting	1,559	2,484	(925)
- to players for betting/IPN/CPS winnings and refunds	1,344	2,281	(937)
- to ASSI (formerly U.N.I.R.E.) for fifteen-day balances	1,016	1,511	(495)
- to AAMS for expired tickets	164	339	(175)
- to AAMS for pool betting and national horse racing	3,100	4,649	(1,549)
- for balances on SNAI Card card games	4,652	5,428	(776)
- to players for remote games (skills/casino//bingo)	156	182	(26)
- for sale Di Majo award receivable	439	10,837	(10,398)
- for offsetting Di Majo award	18,374	8,795	9,579
- for non-competition agreement	250	503	(253)
- to employees and assistants	3,457	2,871	586
- to Directors	585	617	(32)
- to Auditors	104	189	(85)
- for security deposits	2,413	2,395	18
- to others	2,044	1,174	870
	62,387	**72,734**	**(10,347)**
Accruals and deferrals payable			
- Accruals payable	955	113	842
- Deferrals payable	1,637	1,026	611
	2,592	**1,139**	**1,453**
Total other current liabilities	**98,727**	**87,901**	**10,826**

The PVC payable for the instalment payments for a total of 3,083 thousand Euro related to the settlement of assessments with acceptance on the part of the Company following formal notices of findings (Processo Verbale di Constatazione – PVC) served in December 2009, November 2011 and July 2013, of which 1,101 thousands Euro falls due after 12 months and 1,982 thousand falls due within 12 months. The amount includes the tax, penalties and interest as set out in the notices closing these assessments, with the Company’s acceptance, respectively on 14 October 2010 (for years 206-2007-2008), 21 February 2012 (for 2009), 5 July 2012 (for 2010) and 26 July 2013 (for 2011), where payment arrangement for 12 quarterly instalments.

The increase in the single tax is due mainly to the new due date for the single tax on betting, which was introduced by the “decreto mille proroghe” (thousand extensions decree). The payment deadline for the single tax on horse racing betting and and betting on events other than horse racing is 20 December of the same year, and 31 January of the following year, with reference to the single tax due, respectively, for the period of September through to November and for the month of December, and 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. In addition, the increase in the Single Tax was due for 3,656 thousand Euro to the residual remaining to be paid on penalties and interest for the late payment of the single tax relating to 2009-2010. The total amount calculated was 5,534 thousand Euro of which 1,879 was paid in June.

The item "other AAMS payables for 1,465 thousand Euro referred to the penalty imposed by AAMS for the Barcrest episode (see note 28 paragraph “Malfunctioning Barcrest VLT platform (16 April 2012) - Disputes relating to the entertainment device business: formal notice from AAMS for alleged breaches in the operation of the interconnection on-line network”.

The PREU payable in instalments for a total of 4,202 thousand Euro referred for 3,412 thousand Euro to interest and penalties for the late payment of 2010 PREU, in which regard it was request to pay with instalment (a provision was made in the risks provision).

The item "other payables for sale Di Majo award receivable" referred to the purchase of certain receivables from third party operators or concession holders; for additional information reference is made to note 20.

The payable to AAMS for PREU balances for 4,751 thousand Euro was calculated on the movement of entertainment devices (ADI).

The item " deferrals payable" for 1,637 thousand Euro referred for 897 thousand Euro to the portion of Unire investment fund contributions that were recorded as contributions to the investments account.

30. Trade payables

Trade payables were made up as follows:

thousands of Euro	30.06.2013	31.12.2012	Change
Trade payables			
- suppliers	30,450	31,562	(1,112)
- tables, jockeys, bookmakers	6,558	8,437	(1,879)
- foreign suppliers	3,837	5,144	(1,307)
- advances to suppliers	(1,666)	(771)	(895)
- credit notes to receive	(316)	(391)	75
- payables to subsidiary Connext S.r.l.	221	212	9
- payables to subsidiary Alfea S.p.A.	0	3	(3)
- payables to associate Tivu + S.p.A. (in liquidation)	43	43	0
Total trade payables	**39,127**	**44,239**	**(5,112)**

31. Default debt positions

As required by Consob in Circular no. 10084105 of 13 October 2010, the Group's debt positions are set out below, broken down according to the type with specific reference to the amounts in default.

(in thousands of Euro)

Current liabilities	Balance at 30.06.2013	of which defaulted at .3 30.06 2013
Financial payables	53,995	-
Trade payables	39,127	7,341
Tax payables	31,447	
Payables to social security institutions	2,301	-
Other payables	62,387	-
	189,257	**7,341**

Trade payables: the amount in default at 30 June 2013 was 7,341 thousand Euro included current operations in respect of suppliers of services and materials. These amounts were mainly paid subsequent to 30 June 2013. In certain cases, a new payment deadline was set. At the present time, there are no initiatives to be taken by any suppliers.

32. Financial commitments

In addition to what was indicated in the financial liabilities, the Group also had financial commitments relating to the issuing of surety for a total of 175,216 thousand Euro at 30 June 2013 (186,440 thousand Euro at 31 December 2012).

The changes to intervening financial commitments compared to the figures recorded in the Financial Statements at 31 December 2012, are shown below:

Bank	Beneficiary	Object of the guarantee	Increases/ (Decreases) 30.06.2013 (thousands Euro)
BINTER	AAMS	Concessions renewed - to guarantee correct implementation of activities and functions entrusted by the concession, the prompt and exact tax payment, the concession fee and any other income set by the regulations on public gaming, as well as acquittal of all obligations in respect of players.	2,380
CREDART	AAMS	Concessions renewed - to guarantee correct implementation of activities and functions entrusted by the concession, the prompt and exact tax payment, the concession fee and any other income set by the regulations on public gaming, as well as acquittal of all obligations in respect of players.	1,960
UNICREDIT	MI.P.A.A.F. (formerly ASSI)	For agencies 223 and 465	(283)
UNICREDIT	MI.P.A.A.F. (formerly ASSI)	For agency 257:	(317)
UNICREDIT	AAMS	Aams on line games	(392)
UNICREDIT	AAMS	Opening of shops and horse racing points of sale and activation of remote horse racing for horse racing concessions 2006 tender	(705)
BINTER	MI.P.A.A.F. (formerly ASSI)	Security deposit in favour of Teleippica for tender contract for broadcasting, processing and distribution of audio/video signal originating from Italian and foreign horse racing tracks	(1,200)
UNICREDIT	AAMS	to guarantee concession for acceptance of horse racing betting	(1,231)
UNICREDIT	REVENUE OFFICE FOR PVC	Guarantee debt following assessment acceptance Leg. Decree 218/1997 PVC delivered on 01/12/2009 The amount of € 7,627,931.81 must be paid over 12 quarterly instalments	(1,284)
BPM	AAMS	Horse racing concession	(1,704)
MPS	AAMS	Horse racing concession	(2,131)
UNICREDIT	AAMS	Provisional guarantee for participation in slot tender	(6,000)
Various (increases lower than 200 thousand Euro)			54
Various (decreases lower than 200 thousand Euro)			(371)
Total increases(decreases)			**(11,224)**

33. Related parties

In addition to the requirements set by the International Accounting Standard on “Disclosure of related party transactions in the financial statement” (IAS 24) Consob Circular 6064293 of 28 July 2006 also requires that information is provided on the impact of transactions or positions with related parties on the Company’s balance sheet and financial, asset and economic results as classified by IAS 24.

The table below shows these impacts. The incidence that transactions have on the Company and/or Group's financial results and cash flows must be analysed by taking into consideration that the main relationships in place with related parties are completely identical to equivalent contracts existing with third parties.
The Group performs services for concession holders of horse race and sports betting acceptance points. Certain concession holders and operators of point of sale (horse racing and sports stores) were owned by members of the Parent Company's Board of Directors who resigned on 14 May 2012. The transactions drawn up in standard contracts, are governed by market conditions that are completely identical to those with third party concession holders.

Certain companies in the SNAI Group have accounts with Banca Popolare di Milano, Intesa San Paolo, Banca Popolare di Vicenza and Banco Popolare Società Cooperativa, which qualify as related parties in respect of the SNAI Group, given that these are companies that refer to the shareholders of SNAI S.p.A..

These transactions were carried out in the interests of the Company and are part of the ordinary operations, governed by market conditions.

A summary appears in the table below in respect of the SNAI Group's relationships with related parties:

thousands of Euro	**30.06.2013**	**% incidence**	**31.12.2012**	**% incidence**
Trade receivables:				
- from companies related to the Director of SNAI S.p.A.	-	0.00%	92	0.10%
- from Global Games S.p.A.	-	0.00%	6	0.01%
- from companies related to shareholders of SNAI S.p.A.	-	0.00%	30	0.03%
	-	**0.00%**	**128**	**0.14%**
Other current assets:				
- from companies related to the Director of SNAI S.p.A.	-	0.00%	3	0.01%
	-	**0.00%**	**3**	**0.01%**
Total assets	**-**	**0.00%**	**131**	**0.02%**
Trade payables:				
- to companies related to the Director of SNAI S.p.A.	75	0.19%	-	0.00%
- to Tivu + S.p.A. (in liquidation)	43	0.11%	43	0.10%
- to Connext S.r.l.	221	0.56%	212	0.48%
- to Alfea S.p.a.	-	0.00%	3	0.01%
	339	**0.86%**	**258**	**0.59%**
Other current liabilities:				
- to companies related to the Director of SNAI S.p.A.	-	0.00%	1	0.00%
- to directors of Teleippica S.r.l.	4	0.00%	-	0.00%
- to Global Games S.p.A.	2	0.00%	5	0.01%
	6	**0.00%**	**6**	**0.01%**
Total liabilities	**345**	**0.06%**	**264**	**0.04%**

The assets are shown net of the relevant provision.

The table below shows the values in respect of related parties:

I Semester 2013

thousands of Euro	**II Semester 2013**	**% incidence**	**I Semester 2012**	**% incidence**
Revenues from provision of services and chargebacks				
- from companies related to the Director of SNAI S.p.A.	30	0.01%	198	0.08%
- from companies related to shareholders of SNAI S.p.A.	-	0.00%	12	0.00%
	30	**0.01%**	**210**	**0.08%**
Other revenues				

- from Global Games S.p.A.	3	0.45%	3	0.39%
- from companies related to shareholders of SNAI S.p.A.	-	0.00%	54	6.93%
	3	**0.45%**	**57**	**7.32%**
Interest receivable:				
- from companies related to the Director of SNAI S.p.A.	-	0.00%	17	3.50%
	-	**0.00%**	**17**	**3.50%**
Total revenue	**33**	**0.01%**	**284**	**0.11%**
Costs for raw and consumable materials used:				
- from Connext S.r.l.	3	0.35%	-	0.00%
	3	**0.35%**	**-**	**0.00%**
Costs for provision of services and chargebacks:				
- from companies related to the Director of SNAI S.p.A.	184	0.11%	8,372	4.27%
- from companies related to shareholders of SNAI S.p.A.	2	0.00%	518	0.26%
- from directors of Teleippica S.r.l.	14	0.01%	-	0.00%
- from Connext S.r.l.	316	0.19%	365	0.19%
	516	**0.31%**	**9,255**	**4.72%**
Other operating expenses:				
- from companies related to the Director of SNAI S.p.A.	6	0.03%	-	0.00%
- from Connext S.r.l.	3	0.02%	-	0.00%
	9	**0.05%**	**-**	**0.00%**
Total expenses	**528**	**0.28%**	**9,255**	**4.72%**

II quarter 2013

thousands of Euro	II Quart. 2013	% incidence	II Quart. 2012	% incidence
Revenues from provision of services and chargebacks:				
- from companies related to the Director of SNAI S.p.A.	1	0.00%	96	0.08%
- from companies related to shareholders of SNAI S.p.A.	-	0.00%	12	0.01%
	1	**0.00%**	**108**	**0.09%**
Other revenues				
- from Global Games S.p.A.	2	0.55%	2	0.06%
- from companies related to shareholders of SNAI S.p.A.	-	0.00%	39	1.24%
	2	**0.55%**	**41**	**1.30%**
Total revenue	**3**	**0.00%**	**149**	**0.12%**
Costs for provision of services and chargebacks:				
- from companies related to the Director of SNAI S.p.A.	177	0.22%	3,332	3.43%
- from companies related to shareholders of SNAI S.p.A.	1	0.00%	308	0.32%
- to directors of Teleippica S.r.l.	14	0.02%	-	0.00%
- from Connext S.r.l.	172	0.22%	178	0.18%
	364	**0.46%**	**3,818**	**3.93%**
Other operating expenses:				
- from companies related to the Director of SNAI S.p.A.	**3**	0.03%	**-**	0.00%
	3	**0.03%**	**-**	**0.00%**
Total expenses	**367**	**0.41%**	**3,818**	**3.93%**

Revenues for the provision of services and chargebacks and other revenues impacted for 0.07% on the results before amortisations, depreciations, financial income/charges and taxes in the first half of 2013 (0.78% in the first six months of 2012), while total revenues impacted for 0.77% on the profit (loss) of the first six months of 2013 (2.58% in the first half of 2012).
Costs for raw materials and consumables used, for the provision of services and chargebacks and other revenues impacted for 1.19% on the results before amortisations, depreciations, financial income/charges and taxes in the first half of 2013 (26.97% in the first six months of 2012), while total costs impacted for 12.36% on the profit (loss) of the first six months of 2013 (84.14% in the first half of 2012).
The table below shows the relationship with related parties of the Parent Company SNAI S.p.A. at 30 June 2013, as required by Consob Circular 10084105 of 13 October 2010.

thousands of Euro	30.06.2013	31.12.2012
Trade receivables:		
- from Global Games S.p.A.	-	6
- from Società Trenno S.r.l.	547	359
- from Festa S.r.l.	13	17
- from Immobiliare Valcarenga S.r.l.	3	4
- from Teleippica S.r.l.	66	59
- from companies related to shareholders of SNAI S.p.A.	-	31
Total trade receivables	**629**	**476**
Other current assets:		
- from Società Trenno S.r.l.	1	6
- from Festa S.r.l.	698	709
- from Immobiliare Valcarenga S.r.l.	74	62
- from Teleippica S.r.l.	1,310	857
- from companies related to shareholders of SNAI S.p.A.	-	2
Total other current assets	**2,083**	**1,636**
Financial receivables:		
- from Società Trenno S.r.l.	3,378	2,821
- from Teleippica S.r.l.	5,145	1,113
- from SNAI France SAS	9	7
Total financial receivables	**8,532**	**3,941**
Total assets	**11,244**	**6,053**
Trade payables:		
- to companies related to the Director of SNAI S.p.A.	75	-
- to Società Trenno S.r.l.	122	15
- to Festa S.r.l.	741	516
- to Teleippica S.r.l.	254	254
- to Connext S.r.l.	218	212
- to Tivu + S.p.A. (in liquidation)	43	43
- to Alfea S.p.a.	-	3
Total trade payables	**1,453**	**1,043**
Other current liabilities:		
- to companies related to the Director of SNAI S.p.A.	-	1
- to Global Games S.p.A.	2	6
- to Società Trenno S.r.l.	3,676	2,593
- to Festa S.r.l.	194	194
- to Immobiliare Valcarenga S.r.l.	1	1
- to Teleippica S.r.l.	10	5
Total other current liabilities	**3,883**	**2,800**
Current financial payables		
- to Festa S.r.l.	2,234	2,057
- from Immobiliare Valcarenga S.r.l.	228	221
Total current financial payables	**2,462**	**2,278**
Total liabilities	**7,798**	**6,121**

The assets are shown net of the relevant provision.

thousands of Euro	II Semester 2013	II Semester 2012
Revenues from provision of services and chargebacks:		
- from companies related to the Director of SNAI S.p.A.	-	198
- from Società Trenno S.r.l.	1,211	1,353
- from companies related to shareholders of SNAI S.p.A.	-	12
Revenues from provision of services and chargebacks:	**1,211**	**1,563**
Other revenues		
- from Global Games S.p.A.	3	3
- from Società Trenno S.r.l.	486	1,529
- from Festa S.r.l.	56	66
- from Mac Horse S.r.l. (cancelled from Companies Register in 2012)	-	16
- from Immobiliare Valcarenga S.r.l.	6	5
- from SNAI Olé S.A.	-	1
- from SNAI France	-	1
- to Faste S.r.l. (cancelled from Companies Register in 2012)	-	1
- from Teleippica S.r.l.	230	272
- from companies related to shareholders of SNAI S.p.A.	-	54
Total other revenue	**781**	**1,948**
Interest receivable:		
- from companies related to the Director of SNAI S.p.A.	-	17
- from Società Trenno S.r.l.	151	113
- from Faste S.r.l. (cancelled from Companies Register in 2012)	-	8
- from Teleippica S.r.l.	72	-
Total interest receivable	**223**	**138**
Total revenue	**2,215**	**3,649**
Costs for provision of services and chargebacks:		
- from companies related to the Director of SNAI S.p.A.	176	8,362
- from Società Trenno S.r.l.	195	140
- from Festa S.r.l.	2,700	2,468
- from Mac Horse S.r.l. (cancelled from Companies Register in 2012)	-	230
- from Teleippica S.r.l.	1,141	1,113
- from Connext S.r.l.	316	365
- from companies related to shareholders of SNAI S.p.A.	2	518
Total costs for provision of services and chargebacks	**4,530**	**13,196**
Costs for seconded staff and various staff costs		
- from Società Trenno S.r.l.	44	68
- from Festa S.r.l.	48	-
- from Teleippica S.r.l.	16	1
Total costs seconded staff	**108**	**69**
Various operating charges		
- from companies related to the Director of SNAI S.p.A.	6	
- from Connext S.r.l.	3	-
- from Società Trenno S.r.l.	2	7
Total various operating expenses	**11**	**7**
Interest payable and commissions		

Interest payable by Festa S.r.l.	57	59
Interest payable by Mac Horse S.r.l. (cancelled from Companies Register in 2012)	-	9
Interest payable by Immobiliare Valcarenga S.r.l.	6	5
Interest payable by Teleippica S.r.l.	-	40
Total interest payable and commissions	**63**	**113**
Total costs	**4,712**	**13,385**

34. Managing financial risk

The Group has financial liabilities consisting mainly of structured bank loans and financial leasing. These are medium - long term contracts.
These liabilities were established in relation to significant strategic development transactions planned and implemented from 2006 until 2011, in order to purchase concessions business units and new rights, consolidate and develop the Group's presence in its reference market.
We recall that besides the share capital increase of SNAI S.p.A., which was finalised in January 2007, whereby financial resources for 249,961 thousand Euro were sourced, in March 2011, SNAI S.p.A. entered into a new loan agreement for a total initial amount of 490,000 thousand Euro, so as to adequately structure its growth opportunities, support the investments needed for the development plan and allow for sufficient cash flow independence and flexibility. The Acquisition facility credit line for 60 million that had brought the total funding granted to 490 million Euro lapsed in November 2012, because it had not been utilised within the set deadline. The total amount of credit available is therefore 430,000 thousand Euro. At 30 June 2013, this funding structured over five different credit lines had been partially used for a total of 373,250 thousand Euro.
The Group’s policy is to minimize recourse to onerous debt to support ordinary operations, to reduce collection times for trade receivables, and to plan timetables and deferral instruments in respect of trade creditors, plan and diversify the procedures used for paying for investments.

Derivative financial instruments
Derivatives are used by the SNAI Group for hedging purposes relating to current or expected exposures to interest rate risk, as stipulated by the Group’s Policy for the management of interest rate risk.
The objective pursued by the Group by managing of interest rate risk is to limit the variability of expected cash flows, without precluding the possibility of benefiting from possible drops in interest rates, and therefore by identifying a mix of fixed rate and floating rate exposures, considered to be in line with these objectives.
Pursuant to the provisions of IAS 39, derivative financial instruments are measured at fair value and registered in the accounts according to the methods used for hedge accounting, if the requirements set by this principle are applicable.

Fair value
Fair value is the price that would be received from the sale of an asset or that would be paid to transfer a liability, in normal transaction between market operators at the evaluation date.

Fair Value Hierarchy
Assets and liabilities measured at fair value in the consolidated Financial Statements are measured and classified using the fair value hierarchy set by IFRS 13, which consists of three levels assigned on the basis of observability of the inputs used in the context of the corresponding valuation techniques used.

The fair value hierarchy is based on the type of input used in the fair value measurement.

- Level 1: are quoted prices (not adjusted), observed in active markets for identical assets or liabilities that the entity can access at the measurement date.

- Level 2: are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (for example, quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; market-corroborated inputs.

- Level 3: are unobservable inputs for the asset or liability, which reflect the assumptions that market participants should use when pricing an asset or liability, including the risk assumption (of model used and inputs used).

The fair value classification of the fair value in its entirety is done at the hierarchy level corresponding to the lowest level input used for the measurement The assessment of a specific input's significance for assigning the entire fair value requires an evaluation, taking into consideration specific asset and liability factors.

The Group has as financial instruments measured at fair value only derivative contracts, the value of which is determined using evaluation models and parameters observed on the market, and therefore under the fair value classification IAS 39, these are Level 2 fair value instruments.

The table shows the classification of financial instruments measured at fair value, based on the fair value hierarchy stipulated in IFRS 13.

	L1	L2	L3
Derivatives at fair value:	-	5,981	-

The application of IFRS 13 (introduction of counterparty risk assessment) has resulted in a reduction of fair value at 30 June 2013 without any change to the Company's fair value hierarchy compared to 31 December 2012.

Criteria for determining fair value
The Group uses measurement techniques that have become established in market practice for calculating the fair value of financial instruments where no active reference market exists.
The mark to market values resulting from using the pricing models are occasionally compared with the mark to markets provided by bank counterparties.

Hedge Accounting
The following accounting procedures are applied depending on the type of risk covered:

- *Fair value hedge* – hedging the exposure to the variation in the fair-value of an asset or liability attributable to to a specific that creates effects on net earnings:
  - variations in the fair value of the hedging instrument are recorded in the Income Statement;
  - variations in the fair value of the hedged item, attributable to the hedged risk, change the value of this item and are recorded in the Income Statement;

- *Cash flow hedge* - hedging of exposure to variations in cash flows attributable to specific risks associated with assets and liabilities recorded in the Financial Statements and will affect net earnings. The effects recorded are the following:

the effective portion of the variation in the value of the hedging instrument is charged directly to net equity and this amount is equal to the lower amount (as an absolute value) between the accumulated variation in the fair value of the hedging derivative as from the starting date of the hedging itself and the cumulative variation in the net present value of expected cash flows from the hedged instrument, as from the hedging's starting date;

  - The ineffective portion is determined as the difference between the variation in the value of the hedging instrument and the effective component recorded in net equity, and is registered in the Income Statement
  - amounts registered as net equity as an effective hedging component are transferred to the Income Statement once the hedged item is shown in the Income Statement.

If conditions are not applicable to apply hedge accounting, the effects deriving from the fair value measurement of the derivative instrument are charged directly to the Income Statement.

The Group currently holds derivative instruments to hedge interest rate risk, which for accounting purposes are processed using the hedge accounting method (cash flow hedge).
In order to verify the effectiveness of hedged items in place, the Group conducts prospective and retrospective tests on a quarterly basis.
The prospective tests provide that at the inception and for the entire duration of the hedging relationship, each hedging must prove to be highly effective, where the term "effective" means that variations in fair value or in the cash flow of the covered item must "almost completely" offset changes in fair value or the cash flow of the hedged instrument.
Retrospective tests provide that the hedging is proven to be highly effective, when the results fall within a range of 80% to 125%.
In order to occasionally check on how effective its hedging is, the Group uses the Dollar Offset Method or Ratio Analysis. At 30 June 2013, the check using the Dollar Offset Method showed that the hedging put in place by the Group was effective.

Existing derivative financial instruments at 30 June 2013
At 30 June 2013, the Group had two existing derivative instruments (Interest rate swaps) underwritten to hedge the interest rate risk related to the loan granted by Unicredit S.p.A., Banca IMI S.p.A. and Deutsche

Bank S.p.A The Group decided to use hedge accounting for these derivatives, treating them as cash flow hedges based on the rules provided under IAS principle 39.
Specifically, the two IRS contracts entered into with Banca IMI S.p.A. and Unicredit S.p.A respectively, were implemented to hedge Facility A, Facility B and the Capex Facility, based on the following table:

- the interest rate swap contract signed with Banca IMI S.p.A. was to entirely cover Tranche A;
- the derivative signed with Unicredit S.p.A. was to cover a portion of about 67.5% of Tranche B, 5.45% of Tranche A and 27.05% of the Capex tranche.

At 30 June 2013, the derivatives' fair value stood at about 2,088 thousand Euro with regard to the IRS signed with Banca IMI S.p.A. and at about 4,175 thousand Euro with regard to the IRS signed with Unicredit S.p.A..

The table below summarises the movement in the cash flow hedge provision in the first half of 2013.
Movement in the cash flow hedge reserve (figures in thousands of Euro).

Cash Flow Hedge Provision - Interest rate risk	**30.06.2013**
Initial Provision	**(6,820)**
Positive changes (+) negative changes (-) in the provision due to recording of positive/negative effectiveness	**833**
Positive (+) /negative (-) reclassifications due to reversal of negative/positive effectiveness to Income Statement	**1,658**
Final provision	**(4,329)**

Liquidity risk
Liquidity risk is defined as the possibility that the Group does not succeed in maintaining its payment commitments due to its inability to secure new funds (funding liquidity risk), the inability to sell assets on the market (asset liquidity risk), or being forced to incur very high costs to meet its commitments. Exposure to this risk for the Group is mainly related to commitments arising under the funding transaction put in place in March 2011 with Unicredit S.p.A., Banca IMI S.p.A. and Deutsche Bank S.p.A and structured over various credit lines.

Interest rate risk
In the context of its loan/investment activities related to its core business, the Group is exposed to interest rate risks, which are defined as the possibility that a loss in the financial management may occur, in terms of a lower yield from an asset or higher cost of a liability (existing and potential), as the result of variations in interest rates.
The interest rate risk is therefore represented by the uncertainty associated with interest rate trends.
The Group's exposure to this risk at 30 June 2013 specifically relates to the funding established in March 2011, structured over several credit lines, all at a floating interest rate. With regard to the above funding, the Group has undertaken to ensure it has appropriate interest risk cover on certain credit lines. Based on the provisions of the Group's interest rate management Policy, the Group signed two IRS (Interest Rate Swap) contracts in August 2011 with two primary lending institutions in order to hedge a portion of its exposure to interest rate risk related to the loan.
The objective of interest rate risk management is to protect the Group's financial margin from variations in market interest rates, by controlling the volatility of these and maintaining consistency between the risk profile and yield on financial assets and liabilities.
Floating rate instruments expose the Group to fluctuations in cash flows, while fixed rate instruments expose the Group to fluctuations in fair value.

Credit Risk
In order to reduce and monitor credit risk, the SNAI Group has adopted ad hoc policies and organisational instruments.
Potential relationships have always been subjected to advance creditworthy testing, with the support of information received from leading specialist companies The analyses obtained are duly supplemented with objective and subjective elements where these are available within the Group, generating an assessment regarding creditworthiness. This assessment is then reviewed occasionally, and where appropriate, whenever new elements emerge.
The Company's debtors (clients, operators of stores and gaming points, AWP and VLT operators, etc.) are often well known to the Group, thanks to its consolidated presence over many years in all market segments, which are characterized by a limited number of registered operators.
Various relationships are initially covered by sureties or security deposits issued in favour of the group, based on the characteristics ascertained during the creditworthiness assessment.
The relations established are constantly and regularly monitored by a dedicated structure, in association with the various relevant functions.

Receivables are analysed on a regular basis. Specifically, receivables are recorded net of the relevant depreciation provision. Allocations to the receivables depreciation fund are recorded in the accounts when objective proof exists in respect of the Company's difficulties in recovering the debt. Receivables are written off when deemed unrecoverable.
With regard to the financial instruments referred to above, and without considering any guarantees held or other instruments hedging credit risk, the maximum exposure to credit risk is equal to fair value.
The risk referring to the Group's other financial assets are in line with market conditions.

Exchange rate risk
There are no existing significant transactions that could generate risks associate with fluctuations in the exchange rate.

Capital Management
The management of the Group's capital aims to ensure a solid credit rating and adequate capital indicators levels so as to support its business operations and investment plans, in compliance with the contractual obligations undertaken with lenders.

Within the limits permitted by the existing funding contracts, the Group may pay out dividends to shareholders and issue new shares.

The Group monitors its capital using a debt/capital ratio, dividing net debt by total capital plus net debt. The Group's policy aims to maintain the ratio between 0.3 and 1.0.

thousands of Euro	**30.06.2013**	**31.12.2012**
Interest-bearing loans	377,037	380,476
Non- interest bearing loans	42	155
Financial liabilities	377,079	380,631
Trade payables and other payables	139,238	134,091
Current financial assets	(20,113)	(10,249)
Cash and cash equivalents	(30,248)	(11,010)
Net liabilities	**465,956**	**493,463**
Net Equity	162,449	164,229
Total Net Equity	**162,449**	**164,229**
Net equity and net debt	**628,405**	**657,692**
Ratio net debt/ net equity and net debt	74.1%	75.0%

35. Significant non-recurring transactions and events

The non-recurring revenues or cost items for the first six months of 2013, pursuant to Consob resolution 15519 of 27 July 2006 which defines these as "income components (positive and/or negative) deriving from events or transactions occurring on a non-recurring basis or transactions or events which do not occur frequently in the ordinary course of business" were 2,962 thousand Euro relating to the administrative penalties for the late payment of the Single tax 2009-2010 for 2,710 thousand Euro and on 2004-2005 PREU for 252 thousand Euro.

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

There were no atypical and/or unusual transactions during the first half of 2013.

37. Entities belonging to the Group

Control of Group

The parent company SNAI S.p.A. is subject to the legal control of Global Games S.p.A.

Significant shareholdings in subsidiaries

	Percentage held		
	30.06.2013	31.12.2012	30.06.2012
IMMOBILIARE VALCARENGA S.r.l.	100	100	100
FESTA S.r.l.	100	100	100
Mac Horse S.r.l. (cancelled from Companies Register in 2012)	0	0	100
Società Trenno S.r.l. single-member company	100	100	100
SNAI Olè S.A.	100	100	100
SNAI France S.A.S.	100	100	100
Teleippica S.r.l.	100	100	100

The complete composition of the Group and the consolidation methods used are detailed in Annex 1.

38. Net financial position

Based on the requirements in CONSOB Circular dated 28 July 2006 and in compliance with CESR recommendations of 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses", the Group's net financial position is as follows:

thousands of Euro	**30.06.2013**	**31.12.2012**
A. Cash	252	204
B. Other cash and cash equivalents	29,996	10,806
bank	*29,968*	*10,789*
postal current accounts	*28*	*17*
C. Securities held for trading	1	1
Cash and cash equivalents (A) + (B) + (C)	**30,249**	**11,011**
E. Current financial receivables	**6**	**7**
- Escrow account	6	7
F. Current payables to banks	19,228	10,038
G. Current portion of non-current debt	28,189	16,100
H. Other current financial payables	6,578	10,057
- for purchasing shareholding and agency business units	0	0
- for purchasing horse racing and sports betting concessions	42	155
- payables to other lenders	6,536	9,902
I.Current financial debt (F) + (G) + (H)	**53,995**	**36,195**
J. Net current financial debt (I) - (E) - (D)	**23,740**	**25,177**
K. Non-current bank payables	313,727	328,866
L. Bonds issued	0	0
M. Other non-current payables	9,357	15,570
- payables to other lenders	3,376	6,164
- for purchasing horse racing and sports betting concessions	0	0
- Interest rate swaps	5,981	9,406
N. Non-current financial debt (K) +(L) + (M)	**323,084**	**344,436**
O. Net financial debt (J) + (N)	**346,824**	**369,613**

The net financial position does not include fixed term bank accounts and unavailable balances on current accounts for 20,106 thousand Euro, classified under "current financial assets" in the balance sheet (see note 21).

Compared to 31 December 2012, net financial debt came down by 22,789 thousand Euro, which can be attributed to improved cash flows associated with the extension on the payment of the Single Tax and positive income trend. Furthermore, the credit in June 2013 should be noted for the ADI security deposit paid in 2012 for 14,035 thousand Euro.

As required by Consob Circular no. 10084105 of 13 October 2010, the financial position of the Parent Company **SNAI S.p.A.** is set out below.

	(in thousands of Euro)	30.06.2013	31.12.2012
A.	Cash	139	99
B.	Other cash and cash equivalents	29,172	9,490
	- banks	29,145	9,474
	- postal current accounts	27	16
C.	Securities held for trading	1	1
D.	**Cash and cash equivalents (A) + (B) + (C)**	**29,312**	**9,590**
E.	Current financial receivables	8,539	3,948
	- financial receivables from subsidiaries	8,533	3,941
	- Escrow account	6	7
F.	Current payables to banks	19,228	10,038
G.	Current portion of non-current debt	28,189	16,100
H.	Other current financial payables	9,032	12,322
	- financial receivables from subsidiaries	2,462	2,278
	- for acquiring horse racing and sports betting concessions business units	42	155
	- for purchasing shareholding and agency business units	0	0
	- payables to other lenders	6,528	9,889
I.	**Current financial debt (F) + (G) + (H)**	**56,449**	**38,460**
J.	**Net current financial debt (I) - (E) - (D)**	**18,598**	**24,922**
K.	Non-current bank debt	313,727	328,866
L.	Bonds issued	0	0
M.	Other non-current payables	9,352	15,559
	- payables to other lenders	3,371	6,153
	- for purchasing horse racing and sports betting concessions	0	0
	- Interest rate swap	5,981	9,406
N.	**Non-current financial debt (K) +(L) + (M)**	**323,079**	**344,425**
O.	**Net financial debt (J) + (N)**	**341,677**	**369,347**

The net financial position does not include fixed term bank accounts and unavailable balances on current accounts for 20,106 thousand Euro.

38.1 Covenants

As is the case with this type of financing, existing loan agreements set out a series of obligations for the Group.
SNAI S.p.A. has undertaken to comply with certain financial parameters on the basis of agreements reached with Unicredit S.p.A., Banca IMI S.p.A. and Deutsche Bank S.p.A. relating to medium/long-term financing for a total of 490 million Euro, which then came down to 430 million Euro because the Acquisition facility credit line for 60 million Euro had Lapsed in November 2012, because it had not been utilised within the set deadline (for further information, reference is made to note 27).
Specifically, these financial parameters refer to maintaining certain ratios between cash flows linked to financial debt, "consolidated EBITDA" and investments. Ebitda is defined in the facility agreement and indicates consolidated earnings before interest, taxes, depreciation and amortization and provisions and all extraordinary and non-recurring items.

In November 2012, an amendment was negotiated with the three main Lending Banks (MLAs) to the existing Facilities Agreement, based on which the calculation parameters for the Senior Leverage Ratio (SLR) and Senior Interest Coverage (SIC) covenants were renegotiated for the periods ending 31 December 2012, 31

March 2013 and 30 June 2013. With an upward adjustment to EBITDA for an agreed amount, this amendment aims to neutralise the consequences of the two exceptional events that penalised the calculation for the two ratios (the Barcrest episode and the payout level on sports betting in September 2012). The amendment proposal was accepted on 23 November 2012 by the MLAs.

The calculation formulated to apply to the covenants at 30 June 2013 does not fall outside the contract parameters.

SNAI S.p.A. is further obliged to provide its lender with occasional proof of its financial and economic position, as well as its key performance indicators, in respect of the SNAI Group, regarding inter alia, EBITDA and net financial debt effective from October 2011.

It should be noted that failure to comply with these financial covenants and obligations will result in the lapsing of the deadline benefit for SNAI S.p.A.

39. Events occurring after the close of the period

No significant events occurred after the close of the period.

for the Board of Directors
Giorgio Sandi
(Chairman and CEO)

Milan, 31 July 2013

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Pursuant to section 5, art. 154 bis of the Consolidated Financial Act, the office responsible for preparing the company's accounting documents, Marco Codella declares that the accounting disclosure provided in this Interim Report corresponds with the Company's documents, registers and accounting records.

Annex 1

Composition of the SNAI Group as of 30 June 2013						
(thousands of Euro)						
Company name	**Registered office**	**Share capital**	**Percentage held**	**Notes**	**Business operations conducted**	**Consolidation method /valuation**
- 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. unipersonale	Milano (MI)	1,932	100.00%	(1)	Organization and operation of horse races and the training center	full
- Immobiliare Valcarenga S.r.l. unipersonale	Milano (MI)	51	100.00%	(2)	Rent of horse race company for holding of horses	full
- Festa S.r.l. unipersonale	Porcari (LU)	1,000	100.00%	(3)	Gestione call center, help desk	full
- Teseo S.r.l. in liquidazione	Palermo (PA)	1,032	70.00%	(4)	Design and planning of betting management software systems	net equity
- SNAI Olè s.a.	Madrid (Spagna)	61	100.00%	(5)	Acceptance of sports betting and manufacturing of gaming materials - dormant	full
- SNAI France SAS	Parigi (Francia)	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 Roma Capannelle S.p.A.	Roma (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 liquidazione	Roma (RM)	520	19.50%	(12)	Multimedia operations, production, gathering and broadcasting of television signal	Cost
- Lexorfin S.r.l.	Roma (RM)	1,500	2.44%	(13)	Financial company for shareholdings in the horse race sector	Cost

Notes on the composition of the SNAI Group

(1) Shareholding fully owned by SNAI S.p.A. due to merger of Ippodromi San Siro S.p.A. (formerly Società Trenno S.p.A.).The Company was established on 27 July 2006 and on 15 September 2006, the Ippodromi San Siro S.p.A. transferred its "horse racing operations" business unit over to it.
(2) Shareholding fully owned by Snai S.p.A.
(3) The Company was established on 30 December 1999 underwritten by SNAI S.p>A.
(4) Established on 13 November 1996 and acquired by Snai S.p.A. on 30 December 1999. Società Teseo S.r.l. went into liquidation on 03 August 2001.
(5) Established on 19 November 2008. The Company is not operational.
(6) Established on 18 July 2010. The Company is not operational.
(7) Acquired by third parties on 05 May 2000. On 2 October 2003, the extraordinary shareholders' meeting changed the company name from SOGEST Società Gestione Services Termali S.r.l. to TELEIPPICA S.r.l. and the corporate purpose. In 2005, the extraordinary shareholders' meeting resolved a capital increase to Euro 2,540,000. On 31 January 2011, SNAI S.p.A. acquired 80.5% of Teleippica S.r.l.'s share capital from SNAI Servizi S.p.A.. SNAI S.p.A. holds 100% of Teleippica S.r.l.'s share capital.
(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. The percentage held by SNAI S.p.a. did not change and equals 27.78%.
(9) Company registered under the Law of Luxembourg, established on 10 March 2006 by SNAI S.p.A. holding 30%, and FCCD Limited, a company registered under Irish Law holding 70%.
(10) Shareholding formerly held for 30.70% by Ippodromi San Siro S.p.A. (formerly Società Trenno S.p.A.), which had merged with SNAI S.p.A.
(11) On 7 December 2000, the shareholding in Connext Srl was acquired with the purchase of option rights from former shareholders and the payment of the reserved capital increase.
(12) On 7 July 2004, the extraordinary shareholders' meeting resolved to liquidate Tivu + S.p.A.
(13) Acquired on 19 July 1999 for 2.44% by Società Trenno S.p.A., later merged with SNAI S.p.A.

Certification of the Abridged Interim Consolidated Financial Statements pursuant to the provisions of article 154-bis, section 5 of Italian Legislative Decree 58/1998 - Consolidated Financial Law

1. The undersigned Giorgio Sandi, in his capacity as Chairman of SNAI S.p.A. and Marco Codella in his capacity as Officer responsible for the corporate accounting documents of SNAI S.p.A., pursuant to article 154-bis, sections 3 and 4 of Italian Legislative Decree no. 58 of 24 February 1998, hereby declare the:

    - adequacy in relation to the Company's characteristics
      and
    - the effective application

of the administrative and accounting procedures used in the preparation of the Abridged Interim Consolidated Financial Statements at 30 June 2013.

2. There were no significant issues emerging in this regard.

3. It is certified further that:

   the Abridged Consolidated Financial Statements:

   a) were prepared in accordance with the applicable international accounting standards recognised in the European Union under the terms of EC Regulation no. 1606/2002 of the European Parliament and Council, of July 19, 2002;
   b) correspond to the balances in the accounting records;
   c) are suitable to provide a true and correct representation of the issuer's equity and economic and financial position and of all the companies included in the consolidation.

   3.2 The interim management report includes a reliable analysis of the references to the significant events that occurred in the first six months of the period and their impact on the Abridged Interim Financial Statements, together with a description of the main risks and uncertainties for the remaining six months of the period. The interim management report also includes a reliable analysis of the information on significant transactions with related parties.

Milan, 31 July 2013

The Chairman	**The Officer responsible for preparing the company's accounting documents**
(Giorgio Sandi)	*(Marco Codella)*

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