# HALF-YEAR FINANCIAL STATEMENTS AS AT 30 JUNE 2015

**SNAI S.p.A.**
**Registered Office in Porcari (Lucca) – via L. Boccherini 39 – Share Capital Euro 60,748,992.20 fully paid in**
**Tax Code 00754850154 - VAT no. 01729640464**
**Register of Companies in Lucca and Lucca REA no. 00754850154**

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**CORPORATE BODIES**
**AND AUDITING FIRM OF SNAI SPA**

**Board of Directors**
(in office from the Shareholders' Meeting held on 26 April 2013 until the Shareholders' Meeting that will approve the financial statements for period ending 31 December 2015)

| | |
|---|---|
| *Chairman and Managing Director* | **Gabriele Del Torchio*** |
| *Directors* | **Stefano Campoccia** **/****<br>**Mara Caverni** **/****<br>**Giorgio Drago**<br>**Nicola Iorio**<br>**Enrico Orsenigo**<br>**Massimo Perona**<br>**Roberto Ruozi** ***<br>**Mauro Pisapia**<br>**Barbara Poggiali** ***<br>**Chiara Palmieri** ***<br>**Tommaso Colzi**<br>**Marcello Agnoli** **/****/*****<br>**Stefania Rossini** *****/****** |

**The Director in charge of the preparation of the corporate accounting documents** **Marco Codella**

**Board of Statutory Auditors**
*(in office from the Shareholders' Meeting held on 29 April 2014 until the Shareholders' Meeting that will approve the financial statements for period ending 31 December 2016)*

| | |
|---|---|
| *Chairman* | **MariaTeresa Salerno** |
| *Standing Auditors* | **Massimo Gallina**<br>**Maurizio Maffeis** |

**Auditing Firm**
*(Mandate granted by the Shareholders' Meeting held on 15 May 2007 for a term of 9 years)*
**Reconta Ernst & Young S.p.A.**

** Co-opted on 9 July 2015 - in replacement of the resigning Director Stefania Rossini - in office until the Shareholders' Meeting called to approve the financial statements as at 31 December 2015. Appointed by the Chairman of the Board of Directors and Managing Director on 13 July 2015.*
*** Members of the Control and Risk Committee chaired by Stefano Campoccia.*
**** Members of the Compensation Committee chaired by Roberto Ruozi.*
**** Members of the Related Parties Committee chaired by *Mara Caverni.*
****** Appointed at the Shareholders' Meeting held on 28 April 2015 until the Shareholders' Meeting that will approve the financial statements for period ending 31 December 2015.*
******* Resignation effective on 9 July 2015.*
*Effective on 12 July 2015, Guido Sandi ceased all offices and powers.*

# INTERIM REPORT ON OPERATIONS AS AT 30 JUNE 2015

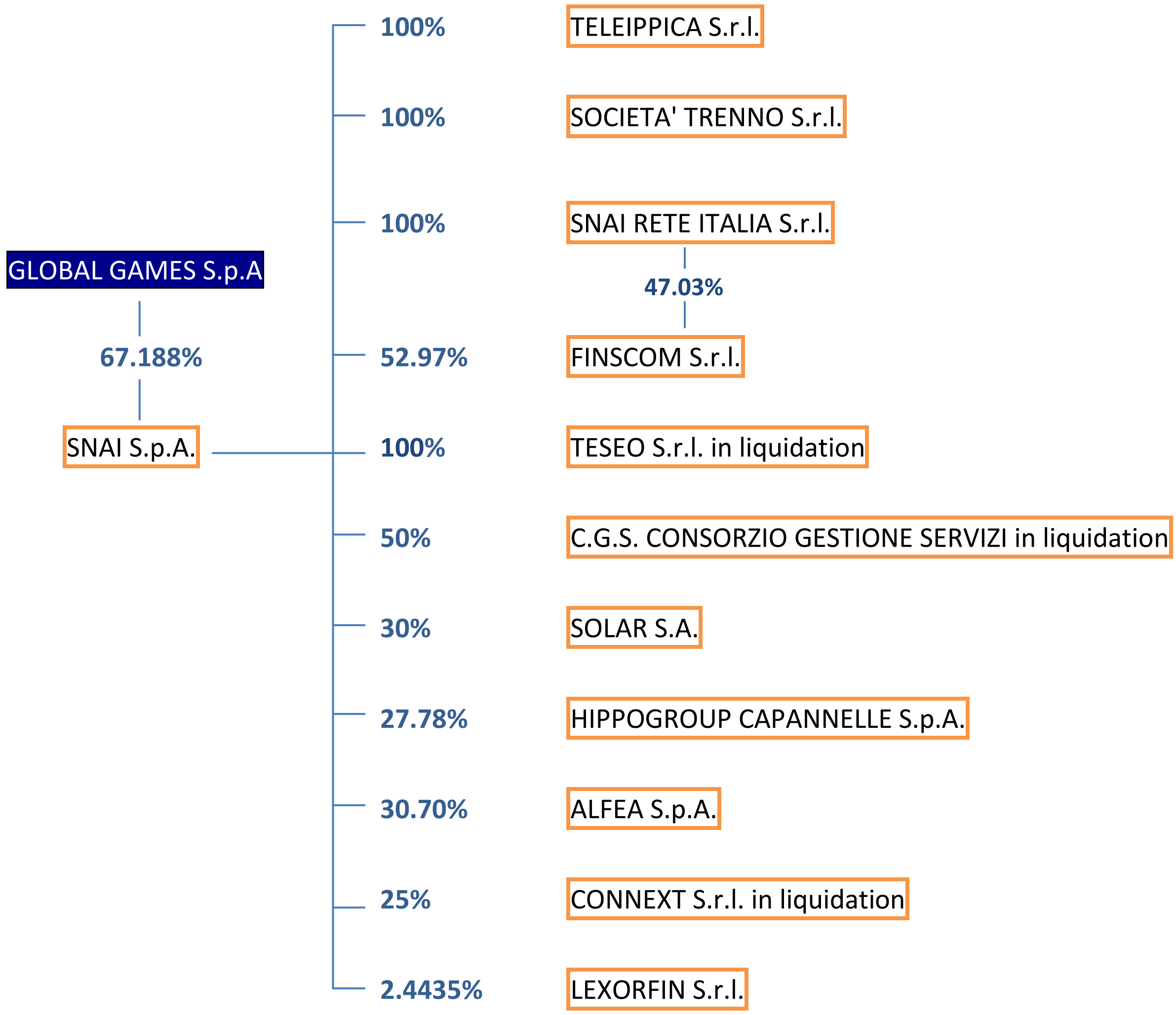
# INTERIM REPORT ON OPERATIONS

## A. SNAI Group

SNAI S.p.A. is the leading operator on the Italian betting market and one of the main operators on the national gaming market.

The Group is controlled by Global Games S.p.A. - company equally 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.) - which owns 67.188% of the share capital of SNAI S.p.A..

Global Games S.p.A. (as a simple holding company) does not engage in direction and coordination activities vis-à-vis SNAI S.p.A., since SNAI S.p.A. determines its own strategic objectives autonomously, with full organisational, operational and contractual independence.



**B. Analysis of the economic and financial performance of the Group**

The following operating and financial analysis is provided as a supplement to the financial statements and the explanatory notes and must be read in conjunction with them.

**B.1 Key indicators of the Group's performance**

The key performance indicators of the Group's performance are shown in the following table (in thousands of Euro, with the exception of amounts per share).

- **KPI**

| | *Half-year I* | | *Change* | |
|---|---|---|---|---|
| *amounts in thousands of Euro* | *2015* | *2014* | *€* | *%* |
| Revenues | 282,811 | 263,691 | 19,120 | 7.3 |
| EBITDA | 39,563 | 54,787 | (15,224) | (27.8) |
| EBITDA Adj | 40,422 | 56,814 | (16,392) | (28.9) |
| EBIT | 33,482 | 23,327 | 10,155 | 43.5 |
| Profit/(loss) before taxes | 5,957 | (7,296) | 13,253 | >100 |
| Net profit (loss) | 334 | (6,972) | 7,306 | >100 |
| Diluted earnings/(loss) per share | 0.00 | (0.06) | 0.06 | (100) |

- **EBITDA, EBITDA Adj and EBIT**

EBITDA, EBITDA Adj and EBIT are considered alternative performance indicators, but are not measures defined on the basis of International Financial Reporting Standards ("IFRS") and may, therefore, fail to take into account the requisites imposed under IFRS in terms of determination, valuation and presentation. We are of the view that EBITDA, EBITDA Adj and EBIT are helpful to explain changes in operating performance and provide useful information on the capacity to manage indebtedness and are commonly used by analysts and investors in the gaming sector as performance indicators. EBITDA, EBITDA Adj and EBIT must not be considered alternative to cash flows as a measure of liquidity. As defined, EBITDA, EBITDA Adj and EBIT may not be comparable with the same indicators used by other companies.

The EBIT refers to ”Earnings before interest and taxes“ indicated in the statement of comprehensive income.

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

***EBITDA***

| | *Half-year I* | | *Change* | |
|---|---|---|---|---|
| *amounts in thousands of Euro* | *2015* | *2014* | *€* | *%* |
| EBIT | 33,482 | 23,327 | 10,155 | 43.5 |
| + Depreciation of Property, plant and equipment | 8,430 | 9,011 | (581) | (6.4) |
| + Amortisation of Intangible assets | 20,041 | 20,042 | (1) | (0.0) |
| + Net losses of value | 147 | 249 | (102) | (41.0) |
| + Other allocations | (89) | 448 | (537) | >100 |
| **Earnings before interest, tax, depreciation and amortisation** | **62,011** | **53,077** | **8,934** | **16.8** |
| + Non-recurring costs | (22,448) | 1,710 | (24,158) | >100 |
| **EBITDA** | **39,563** | **54,787** | **(15,224)** | **(27.8)** |
| + Current portion of the provision for doubtful debts | 859 | 2,027 | (1,168) | (57.6) |
| **EBITDA Adj** | **40,422** | **56,814** | **(16,392)** | **(28.9)** |

The composition of the profit (loss) before taxes is obtained by adding the following items to EBIT:

***Profit/(loss) before taxes***

| | *Half-year I* | | *Change* | |
|---|---|---|---|---|
| *amounts in thousands of Euro* | *2015* | *2014* | *€* | *%* |
| **EBIT** | 33,482 | 23,327 | 10,155 | 43.5 |
| + Earnings of companies consolidated using the equity method | 55 | (444) | 499 | >100 |
| + Financial income | 662 | 757 | (95) | (12.5) |
| + Financial expenses | (28,227) | (30,933) | 2,706 | 8.7 |
| + Net gains (losses) on exchange rates | (15) | (3) | (12) | >100 |
| **Profit/(loss) before taxes** | **5,957** | **(7,296)** | **13,253** | **>100** |

**B.2 Non-recurring revenues and costs**

Summarised below are the non-recurring revenues and costs incurred for operating purposes (the Explanatory Notes state the non-recurring revenues and costs as envisaged under Consob Resolution No. 15519 of 27 July 2006).

| *thousands of Euro* | **Half-Year I 2015** |
|---|---|
| **Non-recurring revenues and costs** | |
| Active trading | (28,024) |
| Costs related to transactions | 1,816 |
| Costs related to non-recurring consultancies | 893 |
| Allocation to the provision for non-recurring doubtful debts | 2,500 |
| Administrative Fines and Taxes for PREU | 89 |
| Leaving incentives | 278 |
| **Impact on EBITDA** | **(22,448)** |

With regard to the foregoing figures, the Board of Directors believes that such figures are non-recurring and extraordinary in nature.

**B.3 Economic and Financial Performance of the Group**

The Group total revenues increased by around 7.3%, from Euro 263.7 million in the first half of 2014 to Euro 282.8 million in the first half of 2015. Revenues from sales and services amounted to Euro 254.2 million in the first half of 2015, compared to Euro 263.3 million in the first half of 2014, down by 3.5% due to the combined effect of the increase in revenues resulting from the Gaming Machines (AWP and VLT) segment and the Società Trenno S.r.l., against the decrease in revenues in the other business lines, primarily due to the prolonged shutdown of shops managed by the SIS operator. Revenues from sports betting decreased, compared to the first half of the previous year, mainly due to a particularly high payout, which came to 82.2% against 78.3% reported in the first half of 2014, thus comparing a desk/counter result in 2014 in line with the historical average and a particularly unfavourable result in 2015 (albeit in the presence of a better performance than the market average). To the above, the effect of lower wagers is to be added, also due to some critical issues still present and linked to a portion of the distribution network connected with the non-operating gaming points of the company SIS.
Other revenue and income increased from Euro 0.4 million in the first half of 2014 to 28.6 million in the first half of 2015. This increase is due, in the amount of Euro 27.5 million, to the transaction for the amicable settlement of the dispute between SNAI S.p.A., on the one side, and Barcrest Group Limited, The Global Draw Limited, and their parent company Scientific Games Corporation on the other side.
Revenue from AWPs increased due to an increased average number of machines in operation and a higher number of average coin-in, while for VLTs, an increase in revenue was reported mainly resulting from the decrease in payout of games (-0.6% compared to the same period of the previous year), as well as the moving and better performance of gaming terminals occurred last year and continued during the half-year period.
Betting on virtual events generated, during the period, direct wagers of Euro 131.3 million and revenue amounting to Euro 17.6 million against wagers of Euro 182.2 million and revenue of Euro 22.1 million in the same period of last year.
Group EBITDA in the first half year of 2015 amounted to Euro 39.6 million as compared to Euro 54.8 million in the first half of 2014, down by 27.8%.
During the first half of 2015, a net positive effect was reported, connected with non-recurring costs and revenues, totalling Euro 22.4 million, and against a negative effect of Euro 1.7 million in the same period of the previous year. Non-recurring revenues are worth noting. They amounted to Euro 27.5 million related to the aforesaid transaction.
Group EBIT in the first half of 2015 was Euro 33.5 million as compared to Euro 23.3 million in the first half last year.

The Group's result before taxes for the first half of 2015 was Euro 6 million as compared to a loss of Euro 7.3 million in the first half last year.
The net profit pertaining to the Group for the first half of 2015 was equal to Euro 0.3 million, as compared to a loss of Euro 7 million in the first half of 2014.

The net financial indebtedness of the SNAI Group as at 30 June 2015 was equal to Euro 392.6 million, as compared to Euro 419.1 million at the end of 2014. The decrease by Euro 26.5 million is also due to the positive contribution from the above-mentioned transaction.

**B.4 Group Balance Sheet and Income Statement**

**SNAI Group - Consolidated Comprehensive Income Statement**

| *amounts in thousands of Euro* | **Half-Year I 2015** | **Half-Year I 2014** |
|---|---|---|
| Revenues from sales and services | 254,225 | 263,298 |
| Other revenue and income | 28,586 | 393 |
| Change in inventory of finished and semi-finished products | (16) | 0 |
| Raw materials and consumables | (301) | (636) |
| Costs for services and use of third party assets | (181,702) | (178,589) |
| Costs of personnel | (19,756) | (18,353) |
| Other operating costs | (19,475) | (13,486) |
| Capitalised internal construction costs | 450 | 450 |
| **Earnings before interest, tax, depreciation and amortisation** | **62,011** | **53,077** |
| Amortisation, depreciation and write-downs | (28,618) | (29,302) |
| Other provisions | 89 | (448) |
| **Earnings before interest and taxes** | **33,482** | **23,327** |
| Gains and expenses from shareholdings | 55 | (444) |
| Financial income | 666 | 758 |
| Financial expenses | (28,246) | (30,937) |
| **Total financial income and expenses** | **(27,525)** | **(30,623)** |
| **PROFIT/(LOSS) BEFORE TAXES** | **5,957** | **(7,296)** |
| Income tax | (5,623) | 324 |
| **Profit/(Loss) for the period** | **334** | **(6,972)** |
| **Total other comprehensive income components which will not be restated under profit/(loss) for the period after taxes** | **0** | **0** |
| Net (loss)/profit from derivatives as cash flow hedges | 1,062 | 1,062 |
| Net (Loss)/profit on available-for-sale financial assets | (110) | 0 |
| **Total other comprehensive income components which will be restated under profit/(loss) for the period after taxes** | **952** | **1,062** |
| **Total profit/(loss) in comprehensive income statement, after taxes** | **952** | **1,062** |
| **Comprehensive profit (loss) for the period** | **1,286** | **(5,910)** |
| *Attributable to:* | | |
| Profit (loss) for the period pertaining to the Group | 334 | (6,972) |
| Profit (loss) for the period pertaining to Third parties | 0 | 0 |
| Comprehensive profit (loss) for the period pertaining to the Group | 1,286 | (5,910) |
| Comprehensive profit (loss) for the period pertaining to Third Parties | 0 | 0 |
| Basic earnings (loss) per share in Euro | 0.00 | (0.06) |
| Diluted earnings (loss) per share in Euro | 0.00 | (0.06) |

**SNAI Group - Consolidated balance sheet**

| *amounts in thousands of Euro* | **30.06.2015** | **31.12.2014** |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment owned | 138,848 | 140,142 |
| Assets held under financial lease | 3,027 | 3,782 |
| **Total property, plant and equipment** | **141,875** | **143,924** |
| Goodwill | 238,591 | 231,531 |
| Other intangible assets | 84,400 | 102,857 |
| **Total intangible assets** | **322,991** | **334,388** |
| Shareholdings measured using the equity method | 2,410 | 2,318 |
| Shareholdings in other companies | 46 | 46 |
| **Total shareholdings** | **2,456** | **2,364** |
| Deferred tax assets | 78,283 | 80,004 |
| Other non-financial assets | 1,708 | 1,967 |
| Financial Assets | 1,773 | 1,244 |
| **Total non-current assets** | **549,086** | **563,891** |
| **Current assets** | | |
| Inventories | 343 | 486 |
| Trade receivables | 74,250 | 58,486 |
| Other assets | 23,475 | 24,509 |
| Current financial assets | 19,719 | 19,663 |
| Cash and cash equivalents | 75,971 | 68,629 |
| **Total current assets** | **193,758** | **171,773** |
| **TOTAL ASSETS** | **742,844** | **735,664** |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Shareholders' equity pertaining to the Group** | | |
| Share Capital | 60,749 | 60,749 |
| Reserves | (11,696) | 13,434 |
| Profit/(Loss) for the period | 334 | (26,082) |
| **Total Shareholders' equity pertaining to the Group** | **49,387** | **48,101** |
| Shareholders' equity pertaining to minority interests | | |
| **Total Shareholders' equity** | **49,387** | **48,101** |
| **Non-current liabilities** | | |
| Post-employment benefits | 5,242 | 4,602 |
| Non-current financial liabilities | 465,842 | 464,769 |
| Deferred tax liabilities | 61,116 | 58,593 |
| Provisions for risks and charges | 10,635 | 10,838 |
| Sundry payables and other non-current liabilities | 2,420 | 2,336 |
| **Total non-current liabilities** | **545,255** | **541,138** |
| **Current liabilities** | | |
| Trade payables | 26,140 | 32,385 |
| Other liabilities | 119,338 | 91,117 |
| Current financial liabilities | 2,724 | 3,371 |
| Current portion of long-term borrowings | 0 | 19,552 |
| **Total financial liabilities** | **2,724** | **22,923** |
| **Total current liabilities** | **148,202** | **146,425** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **742,844** | **735,664** |

**SNAI Group - Consolidated Cash Flow Statement**

| | *amounts in thousands of Euro* | **30.06.2015** | **30.06.2014** |
|---|---|---|---|
| **A.** | **CASH FLOW FROM OPERATIONS** | | |
| | Profit (loss) for the period pertaining to the Group | 334 | (6,972) |
| | Profit (loss) for the period pertaining to Third parties | 0 | 0 |
| | Amortisation, depreciation and write-downs | 28,618 | 29,302 |
| | Net change in assets (liabilities) for deferred tax assets (deferred tax liabilities) | 3,842 | (1,578) |
| | Change in provision for risks | (240) | (3,852) |
| | (Capital gains) capital losses from non-current assets (including shareholdings) | 9 | 909 |
| | Portion of earnings pertaining to shareholdings measured using the equity method (-) | (55) | 444 |
| | Net change in sundry non-current trade assets and liabilities and other changes | 343 | (644) |
| | Net change in current trade assets and liabilities and other changes | 7,389 | 7,812 |
| | Net change in post-employment benefits | 640 | (87) |
| | **CASH FLOW FROM (USED IN) OPERATIONS (A)** | **40,880** | **25,334** |
| **B.** | **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| | Investments in property, plant and equipment (-) | (6,603) | (4,059) |
| | Investments in intangible assets (-) | (8,578) | (2,212) |
| | Acquisition of shareholdings in subsidiaries, net of acquired cash and cash equivalents | (84) | 0 |
| | Proceeds from the sale of tangible, intangible and other non-current assets | 84 | 34 |
| | **CASH FLOW FROM (USED IN) INVESTING ACTIVITIES (B)** | (15,181) | (6,237) |
| **C.** | **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| | Change in financial receivables and other financial assets | (695) | (515) |
| | Change in financial liabilities | 2,338 | (509) |
| | Repayment of financing | (20,000) | 0 |
| | **CASH FLOW FROM (USED IN) FINANCING ACTIVITIES (C)** | (18,357) | (1,024) |
| **D.** | **CASH FLOWS FROM DISCONTINUED ASSETS /ASSETS HELD FOR SALE (D)** | | |
| **E.** | **TOTAL CASH FLOW (A+B+C+D)** | 7,342 | 18,073 |
| **F.** | **INITIAL NET FINANCIAL LIQUIDITY (INITIAL NET FINANCIAL INDEBTEDNESS)** | 68,629 | 45,499 |
| **G.** | **NET EFFECT OF THE CONVERSION OF FOREIGN CURRENCIES ON LIQUIDITY** | | |
| **H.** | **FINAL NET FINANCIAL LIQUIDITY (FINAL NET FINANCIAL INDEBTEDNESS) (E+F+G)** | **75,971** | **63,572** |

**RECONCILIATION OF FINAL NET FINANCIAL LIQUIDITY (FINAL NET FINANCIAL INDEBTEDNESS):**

| | | |
|---|---|---|
| CASH AND CASH EQUIVALENTS AFTER DEDUCTING SHORT-TERM FINANCIAL PAYABLES AT THE END OF THE PERIOD, ANALYSED AS FOLLOWS: | | |
| Cash and cash equivalents | 68,629 | 45,499 |
| Bank overdrafts | | |
| Discontinued operations | | |
| | **68,629** | **45,499** |
| CASH AND CASH EQUIVALENTS LESS SHORT-TERM FINANCIAL PAYABLES AT THE END OF THE PERIOD, ANALYSED AS FOLLOWS: | | |
| Cash and cash equivalents | 75,971 | 63,572 |
| Bank overdrafts | | |
| Discontinued operations | | |
| | **75,971** | **63,572** |

**SNAI Group - Net financial indebtedness**

| thousands of Euro | 30.06.2015 | 31.12.2014 |
|---|---|---|
| A. Cash on hand | 289 | 203 |
| B. Other cash and cash equivalents | 75,682 | 68,426 |
| *bank accounts* | *75,082* | *68,100* |
| *postal accounts* | *600* | *326* |
| C. Securities held for trading | 1 | 1 |
| **D. Liquidity (A) + (B) + (C)** | **75,972** | **68,630** |
| **E. Current financial receivables** | **0** | **0** |
| - escrow account | 0 | 0 |
| F. Current bank debts | 38 | 40 |
| G. Current portion of non-current indebtedness | 0 | 19,552 |
| H. Other current financial payables | 2,686 | 3,331 |
| - for interest on bond loans | 1,817 | 2,148 |
| - for acquisition of sports and horse racing concessions | 32 | 32 |
| - to other lenders | 837 | 1,151 |
| **I. Current financial indebtedness (F) + (G) + (H)** | **2,724** | **22,923** |
| **J. Net current financial indebtedness (I) - (E) -(D)** | **(73,248)** | **(45,707)** |
| K. Non-current bank debts | 0 | 0 |
| L. Bonds issued | 464,986 | 463,561 |
| M. Other non-current payables | 856 | 1,208 |
| - to other lenders | 856 | 1,208 |
| **N. Non-current financial indebtedness (K) +(L) + (M)** | **465,842** | **464,769** |
| **O. Net financial indebtedness (J) + (N)** | **392,594** | **419,062** |

The net financial position does not include the term-deposit bank accounts or unavailable account balances in the amount of Euro 19,718 thousand, classified under item “current financial assets” on the balance sheet (see Note 21). Furthermore, the non-current financial assets, equal to Euro 1,773 thousand, are not included (see Note 21).

With respect to the net financial indebtedness as at 31 December 2014, the net financial debt decreased by Euro 26,468 thousand. The decrease is primarily due to the positive contribution attributable to the transaction for the amicable settlement of the dispute between SNAI, on the one hand, and Barcrest Group Limited, The Global Draw Limited and their parent company Scientific Games Corporation on the other hand, in addition to the repayment of the ADI guarantee deposit for 2014, mitigated by the unfavourable performance of ordinary business in the reference half-year.

**B.5 Covenants**

As is customary for loans of this kind, outstanding Loan Agreements (revolving credit line and bond loans) prescribe a number of obligations for the Group.

The above-mentioned agreements provide, in accordance with common practice in similar transactions, that the Company undertakes commitments aimed at safeguarding the credit position of financing entities. Amongst these provisions are the restrictions in distributing dividends until the due term of bonds loans, restrictions on the early repayment of bonds, in taking on financial indebtedness and in making specific investments and disposing of corporate assets and properties. Events of default are also specified, which may make it necessary for the lenders to demand early repayment.
SNAI S.p.A. has also undertaken to comply with financial parameters under agreements signed with Unicredit S.p.A., Banca IMI S.p.A and Deutsche Bank S.p.A. relating to a Senior Revolving loan for a total amount of Euro 30 million.
In particular, we refer to the requirement to maintain a given minimum level of “Consolidated Pro-Forma EBITDA”. “Consolidated Pro-Forma EBITDA” is defined in the loan agreement and indicates the consolidated earnings before interest, taxation, amortisation, depreciation and all extraordinary and non-recurring items.

SNAI S.p.A. is also obliged to provide its lenders periodic information on its cash flows and income, and key performance indicators, regarding the SNAI Group, including, amongst other, EBITDA and net financial indebtedness.

It is noted that, as at 30 June 2015, the Group was compliant with commitments and covenants.

**C. SNAI's Market and performance**

**C.1 SNAI's performance in the operating context**

SNAI S.p.A. is the leading operator on the Italian betting market and one of the main operators on the national gaming market. In the first six months of 2015, the Group's total wagers amounted to Euro 2,649 million.
The Company’s activities in the Gaming and Betting segment have been carried out and regulated by licenses issued by the Regulatory Authority AAMS – Amministrazione Autonoma dei Monopoli di Stato (in application of Legislative Decree no. 95

of 6 July 2012. On 1 December 2012, the Customs incorporated the AAMS office, thus becoming ADM, Agenzia delle Dogane e dei Monopoli (Customs and Monopoly Agency, hereinafter “AAMS” or “ADM”) through European Tender Procedures completed from time to time.

The betting acceptance network of the SNAI Points is the broadest network in the territory of Italy and is comprised of over 2,400 gaming points, of which approximately 1,900 with a direct gaming concession of SNAI and the remaining ones with the supply of specialised services to the Company's Concession Holder clients.

Thanks to this network of sales points and the online channel, the Company confirms its position as leader in the betting sector, with a market share in the year (in terms of gross wagers) of the SNAI brand of 34.8% for betting on Virtual events, 17.8% for sports betting and 44.7% for horse race betting.

Wagers of the sports betting segment at the national level in 2015 reached Euro 2,730 million, up by 31% compared to the same period of 2014. Live bets (i.e. made when the event is underway) met the favour of consumers (around 38% of the total). The success of this type of gaming drove the development of the offer of events on the complementary Schedule (Palinsesto Complementare), an instrument through which concession holders are able to offer events not directly managed by the Customs and Monopoly Agency, thus meeting the players' expectations.

Horse racing bets decreased, compared to 2014, with wagers amounting to Euro 336 million (-7%): Agency bets (i.e. bets made in Shops only) remained unchanged compared to 2014, while National Horse Racing Betting reported 24% decrease. Fixed rate National Horse Racing Betting is worth noting. Albeit it is still a niche segment, these bets are increasing by 24% every year.

Betting on Virtual Events in the period under evaluation reported wagers totalling Euro 545 million, down compared to 2014 (-5%).

The Company has a consolidated position in managing gaming machines, with wagers of Euro 1,475 million in the first half of the year. During the first half of 2015, the AWPs and VLTs segment offered the customers a further enriched offering of games, thanks to the constant enlargement and renewal of the proposed games.
The diversification action in the network continued with the opening of new Gaming Halls and the enlargement of the offer of owned AWPs.

In the third party online gaming services (GAD) segment, the market reported an important growth in Casino games (Roulette and online Slots) and a more limited growth for in tournament style card games. Conversely, cash style card games (especially Poker) reported decreased wagers and no longer meet the favour of players.

In the first six months of the year, important actions on the offering of games (e.g. nowadays Snai offers more than five thousand Live events per month and has an online channel to show some events, the betting schedule, including the complementary schedule, is one of the richest for both number of events and extent of bets), processes and procedures (e.g. since April a tool called Betreferall, which allows for the automatic and prior control of gaming requirements), as well as organisation (amongst others, in the Sales Area, Third party online gaming services, Risk Management).

**C.2 SNAI: the market shares and revenue**

**C.2.1 Collection of wagers at SNAI betting acceptance points and SNAI corners**
In the first half year of 2015, SNAI was the leader in the betting segment (horse race, sports and simulated events betting), with a total market share of 22.8%. This performance was achieved even if, for administrative problems, 55 SIS shops and 8 Finscom shops were not operating for almost the entire period and for over 3 months, respectively.

SNAI is the first operator in the horse race-based gaming segment, with 44.7% total market share. Due to the well-known critical issues, this market reported 7% decrease compared to the same period in 2014.

For sports betting, SNAI's market share was 17.8%. Total wagers in the sports betting market in 2015 reported 31.0% increase compared to 2014. This increase occurred thanks to the development of new products (Live and Complementary), the entrance of new foreign operators on the online market, whose activities were not previously included in the official statistics, and the extension of the network (Monti call for tender and regularisation of CTDs).

SNAI is still the leading company on the betting market of simulated events, with 34.8% market share. This segment reported a decrease compared to 2014 (-5%).

**C.2.2 Horse Racing Bets (“Horse race based gaming”)**
Bets made on horse races at physical and virtual points bearing the SNAI brand (betting agencies, stores and corners and online) in the first half of 2015 amounted to Euro 150.2 million, lower than the figure reported in the same period of 2014 (Euro 173.6 million).
The analysis of wagers on “national” horse races (winning, coupled, Tris, Quarté and Quinté, playable in both agencies and the Gaming Stores and Points) showed a result of the SNAI trademark, equal to Euro 32.7 million (Euro 47 million in 2014), with a market share of 39.6%, while totalisator and fixed quota SNAI bets ("agency" horse race bets) cover 46.4% of the market, with Euro 117.5 million in revenue (Euro 126.6 million in 2014).

**C.2.3 Betting on events other than horse races ("Sports-based Gaming")**
Betting on events other than horse races is comprised of soccer games, tennis and basket matches and other Olympic sports, events related to motor racing (Formula 1, Motomondiale, Superbike), and other events (Miss Italia, Oscars, Sanremo Festival, television reality shows, etc.), as well as events proposed directly by concession holders (complementary betting schedule).
In this segment, SNAI wagers in 2015 half-year were down by 7%, from Euro 522 million in 2014 to Euro 485.6 million in 2015. Market share was 17.8%.

**C.2.4 Gaming Machines**
In the first half of 2015, the Company strengthened its presence nationwide, its market share and its position among network concession holders.

As regards the VLT (Videolotteries) segment, the project aimed at distribution diversification and streamlining was carried on through the moving of 422 VLTs, of which 379 as new installations and 43 as supplements.
A total number of 87 new premises were rented in the first half of 2015.
The activity was carried out despite the new stricter local regulations on distances and timetables, which significantly limited the opening of new arcades and investment willingness of operators.

As regards the AWP (Amusement With Prize) segment, the first half year of 2015 was characterised by the achievement of an important target in terms of growth in the number of machines installed (+ 668 AWPs compared to the first half of 2014).
The development of property machines, dedicated to selected SNAI Points, is being continued with the aim of improving both the quality of products and services offered and revenues, thus confirming the validity of the delocation model.
Moreover, the quality enhancement through the management of owned AWPs and through the creation of a partnership with leader operators continued with the aim of improving the performance of premises, accelerating the development of the AWPs, increasing the competitiveness, guaranteeing the widest coverage and increasing the reliability of partners. As at 30 June 2015, AWPs amounted to 3,312 (of which 1,106 directly managed).

At the end of the period, in the AWP segment, the Company had 28,442 authorisations to operate (with 8.1% increase compared to 31 December 2014 and 10.0% compared to 30 June 2014) in around 7,928 concerns throughout the country (1.7% increase compared to 30 June 2014 and 3.6% decrease compared to 31 December 2014, resulting from the shutdown of a number of shops due to their failure to be recorded in the special register).
Moreover, the Company owns 5,052 licenses to operate through VLTs according to which, at the end of the period under review, it operated 4,887 VLTs in 755 premises. The remaining VLTs of the 5,052 are currently in the roll-out phase to more successful premises.

Volumes of wagers in the Gaming Machines segment as at 30 June 2015, improved compared to figures reported in the previous half year, from Euro 1,376 million to Euro 1,475 million, with 14.6% growth in expenses.
Wagers related to AWPs reported a growth in the first half of 2014 (Euro 819 million in the first half of 2015 vs. Euro 675 million in the first half of 2014).
With respect to the first half of 2014, wagers for VLTs decreased (Euro 656 million in the first half of 2015 compared to Euro 700 million in the first half of 2014), also due to a reduced payout.
The contribution margin of the Gaming Machines (AWPs & VLTs) in the first half of 2015 reported 1.4% increase compared to the previous year (AWPs +15.7%, VLTs -6.8%).
Wagers and wagers margins of the first half were negatively affected by the temporary shutdown of the agencies related to the SIS and Fiscom Groups.

Total revenues (NGR) of ADI Division, for the first half of 2015, amounted to Euro 149 million over Euro 131 million in the first half of 2014, up by +14% compared to the first half of the previous year.

**C.2.5 Bets on simulated events ("virtual bets")**
Bets on simulated events are games of chance with a fixed payout in which the bettor selects from among the most probable events and is rewarded with a pre-set amount if the prognostic was correct. SNAI offers several types of simulated events: Soccer games, car racing, cycling, speedway, dog racing, harness racing and horse racing, tennis matches.
All the environments are personalised and the harness and horse racing in particular are set in the corporate racetracks of Milan and Montecatini as well.
The bets that are most popular with the public are offered and the amounts are calculated on the probability that an event will occur. Between January and now, the SNAI network reported wagers totalling Euro 189.3 million (down compared to 2014, when wagers amounted to Euro 232.2 million) and 34.8% Market Share.

**C.2.6 The digital area**
In 2104, the Digital segment (Bingo, cash and tournament style card games, Casino games and online Slots) reported wagers of Euro 348.5 million compared to Euro 391.9 million in 2014. This decrease is primarily related to the decrease in poker, which was reported on the entire market.

**D. Significant Events**

**D.1 Barcrest Transaction**

In the last few months of 2014 and in the first weeks of 2015, negotiations continued between SNAI, on the one part, and Barcrest Group Limited and The Global Draw Limited on the other part, to reach an amicable settlement of the dispute as well as at a series of pending cases which arose between the parties following the well-known facts occurred in April 2012,

for which on 19 February 2015, a transaction with the companies involved and their counterpart Scientific Games Corporation was concluded. Due to the above, SNAI waived the actions in the Roman case that, at the same date, following the joint request submitted by the parties, was declared cancelled, with legal expenses offset, and reached an agreement with the above companies on pending cases and the payment of damages and costs already borne, including some guarantees on the cases themselves.
With respect to the aforesaid agreement, on the same date, SNAI received the payment of Euro 25 million, less around Euro 2.5 million asked by Barcrest to SNAI which, due to the transaction, will not be paid.

**D.2 Stability Law cost**

The Stability Law, approved by the Parliament at the end of December 2014, envisages, amongst other, that the total amount of Euro 500 million be charged to the distribution segment of gaming machines (both AWP and VLT). This amount is apportioned according to the number of machines related to each single concession holder, as quantified by a decree issued by ADM on 15 January 2015. Based on this decree, the amount related to the distribution segment for gaming machines related to SNAI was equal to Euro 37.8 million.
SNAI filed notice of appeal before the Regional Administrative Court (TAR) of Lazio to denounce the breach of the Italian Constitution and incompatibility with European Regulations as regards provisions set forth in Art. 1, par. 649, of Law no. 190/2014, in the section which sets out the imposed payment of Euro 500 million from wagers margins of gaming machines related to the entire segment, and its apportionment to the various concession holders.
The request was formally addressed to the Directional Decree ADM no. 4076/2015 of 15 January 2015, which implemented the aforesaid provisions by defining the portion of reduction of premiums and remunerations attributed to each single concession holder, proportionally to the gaming machines related to them as at 31 December 2014.
The arguments asking the cancellation of this application provision introduced the request of a) non application due to incompatibility with European Regulations, and b) the submission to the Council of the issue of breach of the Italian Constitution by the aforesaid provisions as per Art. 1, par. 649 of Law no. 190/2014.
The Second Section of the Lazio Regional Administrative Court set the hearing for discussion of the interim application on 18 March 2015. Due to the postponement, the hearing was in any case held on 1 April 2015 and on 2 April 2015 the order no. 1461 was issued, together with the rejection of the requested precautionary measures, as well as the scheduling of the hearing on the merits on 1 July 2015. The deadline of 30 April 2015 was therefore set for the payment by concession holders of the legal gambling equal to 40% of the provision established in the Stability Law. On 30 April SNAI therefore provided for the payment of around Euro 11.1 million in favour of ADM. According to the interpretation inferable from the Order and discussions undertaken with competent Authorities, this amount was made up of both the reduced portion of premiums and remunerations directly attributable to SNAI and the reduced portion of premiums and remunerations actually paid to SNAI by the other operators of the distribution segment of gaming machines (AWPs and VLTs) related to SNAI on 31 December 2014.
After wide discussion, at the hearing of 1 July 2015 the Court upheld the decision which, by reason of the high number of appeals and the complexity of issues discussed, it is reasonable to foresee will be lodged after several weeks.
If the Court deemed that the alleged breach of the Italian Constitution or incompatibility with European Regulations were groundless, the suspension of the sentence would follow and the issue would be submitted to the Council or the EU Court.

**D.3 Resignation of a member of the Board**

On 23 March 2015, the Director Sergio Ungaro resigned from his office.

**D.4 Incorporation of the new company**

On 3 April 2015, the new company named SNAI Rete Italia S.r.l., 100% owned by SNAI S.p.A., was incorporated with share capital of Euro 10 thousand, also aimed at the acquisition of shareholdings in companies managing sales points, as well as at the centralisation and management of direct sales points.

**D.5 Acquisition of Finscom S.r.l.**

On 1 April 2015, SNAI S.p.A. ("SNAI") entered with Finscom S.r.l., in liquidation and the shareholders of Finscom, a Debt Restructuring Agreement, pursuant to Art. 67, par. 3, lett. d) of the Bankruptcy Law.
In execution of the aforesaid agreement, an extraordinary shareholders' meeting of Finscom was held on 8 April 2015. The meeting resolved on the following: (i) settlement of losses and re-establishment of Finscom's share capital (Euro 25,000.00), partly through the corresponding waive of some amounts receivable and partly through the increase of the share capital reserved to SNAI and SNAI Rete Italia S.r.l. (subject indicated by SNAI pursuant to the Debt Restructuring Agreement), as well as (ii) the revocation of the liquidation position of Finscom.
Following the waive by Finscom's shareholders to their right of subscribe the reserved share capital increase as per Art.2481-bis of the Italian Civil Code, SNAI subscribed and released the reserved share capital increase by offsetting the amounts receivable from Finscom with the entire principal (total amount of Euro 2,662,145.02). SNAI Rete Italia S.r.l. subscribed and released the reserved share capital increase through the payment in cash of Euro 2,363,438.09.
At the end of the aforesaid transactions, Finscom's share capital was now entirely held by the new shareholders SNAI and SNAI Rete Italia S.r.l., in the percentage of 52.97% and 47.03%, respectively.
Fiscom's Ordinary Shareholders' Meeting, held on 8 April 2015, resolved on the appointment of a new Board and a new control body, which entered into office upon revocation of the liquidation position, or after 60 days from the registration at the Company's Register pursuant to Art. 2487-ter of the Italian Civil Code.

**D.6 New developments to the case related to the SIS S.r.l. operator in liquidation**

On 25 March 2015, SIS S.r.l. was admitted to the agreement with creditors with decree issued by the Court of Rome. Mrs. Anna Maria Soldi was appointed as Bankruptcy Judge and Mr. Tiziano Onesti as Judicial Liquidator.
The hearing of creditors before the Judicial Liquidator was held on 5 May 2015.
Within this context, SIS S.r.l., in liquidation and under composition with creditors, published a call for interest for the rental and following purchase of a business unit on the "Sole 24 Ore" newspaper on 9 April 2015. The BU included 55 sales points managed by this company according to agreements with SNAI S.p.A. until the cessation of the services carried out by the same as a form of self-remedy.
SNAI S.p.A. therefore asked and obtained to be admitted to the selection opened by the SIS proceeding and submitted a fixed, binding and irrevocable offer, with the term of 45 days, for the rental and purchase of the business unit.
SNAI S.p.A.'s offer, drawn up also in the name and on behalf of the subsidiary SNAI Rete Italia S.r.l., strives to allow the composition with creditors to achieve the following:

(a) the entire satisfaction of preferential and 100% unsecured creditors;
(b) the entire payment of pre-deductible costs and of the so-called "cash flows related to the period";
(c) the waive of the entire receivables of SNAI S.p.A. with respect to SIS on 21 January 2015, both principal and interest, for a total amount of around Euro 12.9 million upon transfer of the Business Unit;
(d) the immediate operation of the Business Unit until end of selection;
(e) the commitment of SNAI S.p.A. to guarantee payments made by SIS with respect to some potential liabilities;
(f) the continuation of pending agreements SNAI S.p.A./SIS, with no necessity of disbursement by SIS of the indemnity recognised in favour of SNAI by Art. 169-bis of the Law on Bankruptcy, for the remaining 7 years of duration of the agreements on AWPs/VLTs, and until 30 June 2016 for agreements on betting.

The offer of SNAI S.p.A. was deemed as the most convenient and, after receiving the authorisation from the Court of Rome on 23 June 2015, the rental and transfer agreement of the company of SIS (substantially equal to the offer) was signed on 7 July 2015 before the Notary Giorgio Perrotta in Rome, between SNAI S.p.A. and SNAI Rete Italia S.r.l. (on the one part) and SIS (on the other part). The effectiveness of the rental and transfer agreement of the company of SIS was deferred until conclusion of consultations as per Art. 47, par. 1 of Law 428/1990, functional to the rental and subsequent transfer of the Business Segment.

**D.7 Shareholders' Meeting of 28 April 2015**

On 28 April 2015, the SNAI S.p.A. Shareholders' Meeting:

- approved the financial statements ending 31 December 2014, as well as loss coverage;
- supplemented the Board of Directors by appointing Mr. Marcello Agnoli and Mrs. Stefania Rossini, who will be in office until the approval of the financial statements as at 31 December 2015. Mr. Agnoli and Mr. Rossini have the requirements for the office of Director, as set out by laws and regulations in force and applicable to listed companies and have the status of independent Directors;
- it also resolved to approve the Financial Statements as at 31 December 2014 of the companies "Festa S.r.l.", held by a sole quotaholder, and "Immobiliare Valcarenga S.r.l.", held by a sole quotaholder, merged into SNAI S.p.A. with legal, accounting and tax effect on 1 January 2105.

**D.8 Repayment of Class B bonds issued on 8 November 2013**

On 5 May 2015, SNAI entirely reimbursed Class B bonds, in the amount of Euro 20,000 thousand, issued on 8 November 2013.

**D.9 SNAI - Cogemat/Cogetech Merger**

On 5 May 2015 - SNAI S.p.A. - company controlled by Global Games S.p.A., signed an agreement with OI Games S.A. e OI Games 2 S.A., majority shareholders of Cogemat S.p.A., envisaging that, upon the occurrence of some condition precedent, the companies would provide for the merger of the assets of the Cogemat/Cogetech Group with the assets of the SNAI Group through a transfer into SNAI's share capital.
The merger will create a first listed pole in Italy, dedicated to entertainment, leader in the betting market and co-leader in the gaming machine segment. The transaction, featuring a strong industrial value, will allow for the creation of an important merger between sales points and networks for the two Companies, but also in view of obtaining a balanced mix in terms of business between assets linked to the betting world and assets connected with gaming machines, as well as obtaining better opportunities offered by the online and mobile channel.
The extension and resources available to the new group will allow it to be even more competitive and a more reliable and credible partner for all stakeholders, from the segment to Institutions. The merger that, upon the occurrence of some conditions precedent, might be concluded within September/October 2015 - will create a first listed pole in Italy, dedicated to entertainment, and will allow the SNAI Group to consolidate its position within the gaming machine segment (which represents slightly less than 60% of gaming wagers in Italy, with around Euro 48 billion in 2013, compared to a total of around Euro 85 billion for the entire segment), therefore becoming co-leader on the market with a share of over 15%. This will also reinforce the Group's leadership in the horse race and sports betting segment and allow the Company to become leader in Italy in the segment of games not under monopoly.
As a result of the merger, the current shareholders of Cogemat (parent company of the Cogetech Group) will own a shareholding of 71,602,410 newly issued SNAI shares, with an indicative nominal value ranging from Euro 1.81 and Euro

2.02, equal to 38% of SNAI share capital, after the share capital increase, against a preliminary value assessment (i.e. equity value of 100% of the share capital) of the Cogemat Group included in a range between Euro 130 million and Euro 145 million.
In detail, the proposal made by OI Games S.A. and OI Games 2 S.A. and approved on last 5 May by SNAI's Board of Directors, envisaged that, upon favourable opinion of SNAI's Related party committee and positive outcome of the due diligence, an investment agreement be signed between SNAI and all Cogemat shareholders on the terms and conditions of the Transaction.
The Investment Agreement will have to include, amongst other: (i) the commitment by Cogemat shareholders to transfer Cogemat's entire share capital into SNAI, while releasing SNAI's capital increase in kind, which is now being resolved, according to Art. 2441, par.4, of the Italian Civil Code, for a total number of 71,602,410 newly issued SNAI ordinary shares (equal to 38% of SNAI share capital after the capital increase); (ii) provisions on the management of ordinary assets related to Cogemat and its subsidiaries and/or investees within the Transfer; and (iii) suited non-competition an lock up commitments for some conferring shareholders.
The Investment Agreement shall also envisage that the Transfer be subject, amongst other, to the occurrence of the following conditions precedent: (i) the authorisation by the competent antitrust authorities, (ii) the authorisation deeds required by the entity granting the concession for the management of legal gaming currently in place and especially by ADM; (iii) the authorisation of any requirements set out by loan agreements (and bond loans) in place between SNAI and its lenders and between Cogemat/Cogetech and its lenders in order to carry out the Transfer; (iv) a price definition of shareholders subject to the Transfer resulting from the evaluation of the expert (to be appointed pursuant to Art. 2343-ter of the Italian Civil Code) not lower to the final Transfer value; (v) the issue of a consistency opinion by the audit company in charge of SNAI's audit, pursuant to Art. 2441, par. 6, It. Civ.Code and Art. 158 of the Finance Consolidation Act (with reference to the share capital increase); (vi) the approval of the share capital increase by SNAI's Shareholders' Meeting; (vii) the absence of material adverse changes (MAC) related to SNAI and/or Cogemat/Cogetech between the signature date of the Investment Agreement and the day in which the Shareholders' Meeting will be called to resolve on the share capital increase; and (viii) the absence of dividends or reserves distributed by SNAI to its shareholders - or other transaction on the capital that might impact the "exchange ratio". Moreover, the Investment Agreement will envisage that, also by effect of the Transfer, Global Games will not loose, at any moment, the absolute majority of the SNAI's voting share capital.
SNAI New Shares (to be assigned to the conferring shareholders) will be the object of an admission request to the listing on the online stock market (Mercato Telematico Azionario) within the three months following their issue.
Together with the signature of the Investment Agreement, Global Games and Cogemat's Majority Shareholders (and those entitled) will sign a Shareholders' Agreement that will envisage; amongst other, the following: (i) a non-transferability restriction of SNAI New Shares until 31 December 2016; (ii) a voting syndicate related to the expression of the voting right in SNAI's Shareholders' Meetings according to which the Majority Shareholders (and those entitled) will conform to decisions made by Global Games; and (iii) a co-sale right for the Majority Shareholders (and those entitled) at the same terms and conditions in the event of direct or indirect sale (through the disposal of Global Games shares) of the controlling shareholding of SNAI shares owned by Global Games.
Moreover, it was agreed that International Entertainment S.A., a company currently holding 50% of the share capital of OI Games 2 S.A., would transfer to Global Games SNAI shares, of which the same IE would become owner in the future due to the liquidation (or other corporate transaction with substantially the same effects) of OI Games 2 S.A., without changing the current corporate governance structure of Global Games itself.
The Fondo Orlando Italy Special Situation - currently in a co-control position of the Cogemat Group - will have the main role of minority shareholder in SNAI's share capital, while remaining related to Global Games through the Shareholders Agreement, for its entire duration.
As this is a transaction with related parties, given the shareholding indirectly owned by the Investindustrial fund in both Global Games and in OI Games 2 S.A., the signature of the final agreements related to the Transaction is subordinated to the favourable opinion of SNAI's Related party committee; the issue of which is currently expected in May.
In the event all conditions precedent be fulfilled, the Transaction is likely to be finalised within September and SNAI New Shares be listed within the end of this year.
For events occurred after 30 June, reference is made to section J.2 Events subsequent to the end of the reporting period.

The Cogemat/Cogetech Group is one of the main Italian concession holders operating in the gaming segment. Its core business consists of the management of a gaming machine network ("AWPs" and "VLTs"), with a total market share of around 9%. The Group manages a network of around 34,000 AWPs installed within a network of around 10,000 sales points and operates as direct operator of around 1,000 AWPs. The Group also owns the rights related to 5,226 VLTs installed at around 500 shops.

**D.10 New racetrack La Maura in Milan**

After the interruption of horse racing at the racetrack near the G. Meazza Stadium due to excessive operating and maintenance costs, the Company was committed, together with the Municipality of Milan and MIPAAF, to build a new racetrack in the “Comprensorio Ippico di Milano”. In turn, the Municipality of Milan defined the areas where the old racetrack was located, as part of the consolidated urban context and therefore no longer destined to "Sports", thus allowing a future exploitation of the area by SNAI.
The activity of the new racetrack "La Maura", managed by the subsidiary Trenno s.r.l., which also managers other racetracks owned by SNAI, started on 30 April 2015, with qualifying races. The official opening and the first effective day of horse racing occurred on 9 May 2015. As at 30 June 2015, the average number of horse race days was 13.

**E. Directors’ estimates related to the going concern requirements**

The capital, financial position and operating results of the SNAI Group are characterised by: (i) negative results, partly due to the effects of unforeseeable phenomena, as well as a significant amount of amortisation/depreciation and financial

expenses, (ii) intangible assets of a significant amount as compared to the shareholders' equity which is reduced due to accumulated losses, (iii) a significant level of indebtedness, with flows assigned to its reduction that are limited by the absorption of liquidity required by the investments that are typical of the business, and by financial expenses.
In particular, with respect to the financial statements as at 30 June 2015, the Group reported net profits of Euro 0.3 million and equity increased to Euro 49.4 million. Net financial indebtedness, equal to Euro 392.6 million, is mainly composed of bond loans issued and subscribed on 4 December 2013, to be repaid in 2018.
The Directors reported that, due to the effect of the Barcrest transaction, the results of the first half of 2015 were remarkably better than the results of the first half of the previous year. The business performance was slightly lower than estimates due to the following main factors: i) excellent results in the ADI segment; ii) revenues resulting from sports betting below expectations, also due to higher payout, which came to 82.2%. The payout performance is within the normal fluctuation of the variable and it is however better than the average market performance. Lower revenue was also due to lower wagers, also due to some critical issues connected with a portion of the distribution network which reported non-operating gaming points; iii) lower revenue and margins generated by betting on virtual events, partly resulting from the aforesaid critical issues connected with the non-operating gaming points; iv) the performance of skill games below expectations in terms of revenue and margins.

The Directors prepared a strategic plan for 2014-2016 years (the "2014-2016 Plan" or the "Plan"), approved last 14 March 2014, whereby, at the end of the three-year period, revenues and margins will have grown significantly and a positive economic result will be achieved, whilst the consolidated Shareholders' Equity will be substantially unchanged with respect to 2013, there will be adequate operating cash flows to finance the investments necessary for the business development and to cover financial expenses generated by indebtedness. In light of current forecasts, however, the Company is not likely to generate the necessary resources to entirely repay bond loans in 2018.
In the meeting of the BoD held on 12 March 2015, the Plan itself was recently updated to take account of the negative effects resulting from regulations introduced by the Stability Law approved in December 2014, the performance of the distribution network and further actions to support the business. The results achieved with the plan updating, however, do not differ significantly from the previously approved plan. Estimates for 2015 were also supplemented to include equity, economic and financial effects of the Barcrest transaction occurred in the first months of 2015.

Within this framework, with a reduced Shareholders' Equity, which limits the Company's ability to absorb further losses, and negative effects and uncertainties generated by the new rules set out by the Stability Law, the Company reacted with significant growth expectations in terms of wagers, which will affect revenues and margins, based on a number of initiatives. The latter include a strong increase in the Live and On Line offer, wider offers related to virtual events, as well as the continuation of the reallocation plan of VLT terminals to better performing locations. Moreover, the Company's performance should also benefit from the fact that the payout on sports betting was managed more effectively thanks to the combined effects of the new management agreement which better aligns SNAI's interests with those of the Operators, and of the improved automatic controls on the betting acceptance system, which have already helped to generate a better performance with respect to competitors.

The Plan, in its updated version as well, therefore defines a path towards the achievement of an economic and financial balance. Some uncertainties are however still present in relation to: (1) the actual achievement of operating and economic-financial results substantially consistent with expected growth in revenues and margins in the various business segments, necessary to maintain the Company's Shareholders' Equity, (2) the Company's ability to obtain the necessary resources to repay and/or replace the outstanding bond loans upon maturity and, more generally, (3) the uncertainty connected with the occurrence of future events and the characteristics of the relevant market, including the rumoured possibility of a significant increase in taxation in the Gaming Machines sector, which could negatively affect the actual implementation of the Plan, and therefore the achievement of results and future cash flows on which the main assessments made to prepare these financial statements are based.

As regards equity, positive effects might also result in the near future from the finalisation of the acquisition of the Cogemat Group, which will come together with a share capital increase, a better Net Debt/EBITDA ratio, as well as an increase in the expected EBITDA, which is likely to be also increased thanks to cost synergies and other higher efficiency that might be obtained.

While evaluating the uncertainties identified, Directors also considered that the impact on the Group of possible unfavourable deviations, which might generally occur with respect to estimates for 2015, will be more easily mitigated thanks to the positive effects of the Barcrest transaction. On the other hand, the same Directors acknowledged the necessity to carry out a careful and constant monitoring of results, in order to timely assess any possible deviations in performance that might affect future years and, in general, the achievement of an economic, equity and financial balance. In this sense, while drawing up the condensed consolidated half-year financial statements, the Directors evaluated the deviations from half-yearly performance compared to estimates, as summarised hereabove, and reached the conclusion that there are no elements that would require the substantial modification of estimates taken as a reference for this evaluation.

Lastly, Directors believe that, albeit in the presence of the foregoing uncertainties, the targets set out in the Plan are reasonable and the Company has the capacity to continue its business operations in the foreseeable future, and therefore have prepared the financial statements based on the going concern assumptions.

**F. Description of main risks and uncertainties to which the company and the companies included within the consolidation perimeter are exposed**

**F.1 DESCRIPTION OF THE RISKS**

Pursuant to the provisions of art. 154-ter of Legislative Decree 58/98, set forth below is a description of the Group's exposure to risks and uncertainties in year 2015. It should be noted that the Group has always been particularly attentive insofar as the prevention of risks of all types which could impair its results of operations or the integrity of its assets.

The SNAI Group operates on the market for the collection of gaming and betting wagers, which include mainly sports and horse racing bets, lawful gaming through AWPs (formerly known as new slots) and through VLTs (videolotteries) as well as online skill, bingo and casino games. That market is regulated by the State authorities by issuing concessions. Therefore, the related risk refers to renewals of the concessions.

As for the fluctuation of exchange rates, the Group is not subject to exchange rate risks since it operates domestically.

For further description of financial risks, please see the notes to the financial statements drafted pursuant to IFRS 7. As regards the risk of non-compliance with regulations and laws, the Company is of the view that such risk is managed through an adequate organisational structure.

The Group is of the view that a system of well-defined policies, processes and controls is fundamental for effective management of the following main risks, which the Group faces and monitors:

**Market Risk**
Market risk is the risk that changes in interest rates might adversely affect the value of assets and liabilities.
A portion of the Group's debt portfolio is exposed to market interest rate fluctuations. Changes in interest rates generally do not generate significant impacts on the fair market value of such indebtedness, but could have significant effects on the Group's results of operations, business operations, financial conditions and future prospects.

**Credit Risk**
Credit risk is the risk of financial loss deriving from a client or counterpart that does not fulfil its contractual obligations. The collection of bets, or legal gambling carried out at the betting shops within the country may generate a credit risk for the Group, since its revenues originate from the concessions of the Agenzia delle Dogane e dei Monopoli ("ADM"). This is due to the fact that bankruptcy and losses, incurred by one or more members of the distribution network, or the interruption of relations with one of the latter for any reason, can negatively impact the operating result, the business activities, financial position and the prospects of the Group.
The management is of the view that going forward; a significant portion of its operations and profits will continue to depend upon ADM concessions and a distribution network consisting of third parties.

**Liquidity Risk**
Liquidity risk is the risk of unavailability of adequate sources of funding for the Group's operations. The Groups capacity to maintain its existing agreements as at the date of renewal and to invest in new contractual opportunities depends upon its capacity to access new sources of funding for such investments. To purchase and renew concessions, as well as maintain and invest in the technological renewal of the distribution network, typically requires cash outflows, and the possibility of not having enough liquidity at the appropriate moment my reflect negatively on the operating results, the business activities, the financial position and the prospects of the Group. The Group's exposure to such risk is linked principally to the commitments under the loan transaction entered into in December 2013 with the issue of bond loans and the entering of a revolving facility unused as of 30 June 2015.

**Country Risk**
Country risk is the risk that changes in regulations or laws, or in the economy of a country in which the Group operates may have adverse effects on expected profits. The Group operates a domestic business and generates all its revenues through transactions carried out in Italy.
Risks related to the Group's transactions derive from, in particular, a greater level of government regulation of the physical and online gaming and betting sector, controls or restrictions on cash and online transactions and possible political instability. Other economic risks for the Group's national operations may include inflation, high interest rates defaults on debt, unstable capital markets and restrictions on direct investments and changes in the interpretation or application of tax laws. Political risks include changes in leadership, changes in government policies, new controls regulating cash-flows within the country, the inability of the government to honour existing agreements, changes in tax legislation and corruption, as well as risk aversion.

**Operating Risk**
Operating risk is the risk that external events or internal factors may translate into losses. The sector in which the Group operates is strictly regulated and failure to comply with the laws and regulations, or changes to them, can negatively affect the operating result, the business activities, the financial position and the prospects of the Group. A significant portion of the revenues and results originated from business, which is regulated through a state concession, which is of a limited nature and can be subject to revocation, thereby negatively affecting the Group's results. Because it operates through state concession, the Group may also be subject to the application of significant penalties in the event of ascertained contractual violations. The Group concessions certain agreements and various service contracts often require direct or indirect guarantees in order to guarantee the performance of such agreements and impose upon the Group obligations to pay indemnities for damages that may arise as the result of contractual breach. The payables ensuing from guarantees and the

compensation for material damages, as well as any eventual penalties, could have negative effects on the Group's results from transactions, businesses, financial terms and conditions or future prospects. Changes in the law or regulations could reduce the margins applicable to concession holders, or reduce the number of concessions available, causing the results of the Group to suffer negative effects.
The part of the business deriving from fixed rate bets can be characterised, in the short term, by uncertainty over the results due to the volatility of the pay-out.
The Group operates in a highly technological environment and any problems in protecting the integrity and security of this environment may result in unexpected expenses and legal damages that could negatively impact the company's brand name and the reputation on which the ability to achieve the result set is based.
Finally, negative publicity surrounding the betting environment by state or local authorities, media or private organisations may damage the reputation of the SNAI brand and consequently have a negative effect on the operating results, the business activities, the financial position and the prospects of the Group, in the same manner that the Group's operations can be negatively impacted by the illegal collection of bets and illegal gambling.

**F.2 DESCRIPTION OF UNCERTAINTIES**

**Legal proceedings**
Given the nature of its business operations, the Group is involved in a series of legal, regulatory and arbitration proceedings which pertain to, among other things, potential assets and liabilities, as well as injunctions by third parties deriving from the ordinary conduct of its business operations. The outcomes of these proceedings or similar proceedings cannot be predicted with certainty. Unfavourable conclusions of such proceedings or significant delays in the resolutions could have adverse effects on the Group's business, its financial condition and its results of operations. For a description of the main legal proceedings and potential liabilities, please see paragraph 29 "Funds for risks and future charges, litigation and potential liabilities" of the Explanatory Notes to the Consolidated Financial statements.

**Relations with the Government**
The Group's activities are subject to a broad and complex regulatory framework, which imposes rules on individual suitability requirements for directors, executives, main shareholders and key employees. The Group is of the view that it has developed procedures, which ensure compliance with the regulatory requirements. However, any failure on the part of the Group to comply with or obtain the suitability requirements could lead the regulatory authorities to seek to limit the Group's business operations.
The failure of a company of the Group, or the malfunctioning of any system or machine, in order to obtain or maintain a concession or request an authorisation may have an adverse effect on the Group's capacity to obtain or maintain the concessions requested or the approvals. Possible adverse events may have adverse effects on the Group's results of operations, business or prospects. Furthermore, there have been, there are and there may be in the future, various types of verifications conducted by the authorities on possible wrongful/unlawful acts related to tenders or tender awards. Such verifications are generally conducted secretly, and therefore the Group is not necessarily aware of its involvement. The Group's reputation for integrity is an important factor as regards the activities engaged in with the concession-granting authorities. Any accusation or suspicion of wrongful or unlawful conduct attributable to the Group or a thorough verification could have material adverse effects on the Group's operating, economic and financial results, and on its capacity to maintain existing concessions and contracts or obtain new contracts or renewals. Moreover, negative publicity caused by such proceedings could have material adverse effects on the Group's reputation, results of operations, economic and financial condition and future prospects.

**G. Transactions with related parties**

The Board of Directors is in charge of drafting the Report on corporate governance and ownership structures pursuant to art. 123-bis of the TUF which, moreover, provides disclosure on the related party transaction procedure approved by the Board of Directors on 29 November 2010 in compliance with the provisions of the Related Party Transactions Regulation issued by Consob through resolution no. 17221 of 12 March 2010, subsequently amended by resolution no. 17389 of 23 June 2010.

Pursuant to Consob memorandum DEM/10078683 of 24 September 2010, the recommendation to companies is to assess at least every three years, whether to carry out a review of the procedure, taking also into account any changes that may have in the meanwhile occurred in terms of the corporate assets as well as the it efficacy of the procedures as demonstrated upon application.
To this end, based on the resolution of the Board of Directors taken at its meeting of 20 November 2013, a committee named the "Related Parties Procedures Committee" was established. It is composed of three independent directors whose task it is to verify the procedure governing the Company transactions with related parties.
In its meeting of 27 March 2014, and based on the practice applied in previous years, the Committee resolved unanimously to propose to the Board of Directors to make certain amendments/supplements to the procedure.
On this basis, the company's Board of Directors, in its meeting of 27 March 2014, approved the new Procedure for Related Parties.
The Procedure ensures that transactions with related parties take place transparently and in compliance with the criteria of essential and procedural correctness.
In the notes to the condensed consolidated half-year financial statements, under Note 35, the relations with related parties which are recorded in the balance sheet, income statement and financial commitments of the SNAI Group are specified in detail.

**H. Human resources and industrial relations**

As at 30 June 2015, the SNAI Group employed 792 individuals, 102 persons less than 2014.

This increase is primarily due to the hiring of personnel in the newly incorporated SNAI Rete Italia S.r.l. held by a sole quotaholder and by personnel of Finscom S.r.l., acquired on 8 April 2015 by SNAI Rete Italia S.r.l. and SNAI S.p.A.
The staff is divided as follows:

| **SNAI Group** | **30.06.2015** | **30.06.2014** | **31.12.2014** |
|---|---|---|---|
| Executives | **26** | **23** | **27** |
| Office workers and middle managers | **703** | **632** | **598** |
| Blue-collar workers | **63** | **67** | **65** |
| **Total Employees** | **792 (*)** | **722 (**)** | **690 (***)** |

(*) of whom 188 part-time and 23 on maternity leave
(**) of whom 146 part-time and 31 on maternity leave
(***) of whom 107 part-time and 22 on maternity leave

The parent company SNAI S.p.A. adopts the C.C.N.L. [Contratto Collettivo Nazionale di Lavoro – the National Collective Labour Agreement] for “workers employed in the private metals and mechanical industry and the installation of equipment”; for personnel in directly managed social shops the parent company adopts the C.C.N.L. for Trade and the additional protocol for horse race agencies.
For personnel destined to the Service Centre at the CRM Headquarters the C.C.N.L. [the National Collective Labour Agreement] for workers in the trade segment was adopted. Teleippica S.r.l. applies instead the C.C.N.L. for private radio and television employees.
The Company TRENNO S.r.l., operating in the horse race segment, adopted the C.C.N.L. [National Collective Labour Agreement] for workers in horse race companies, as well as the contract for the management of persons in charge of wagers and payment of bets (the latter is applied also to personnel working in SNAI Rete Italia S.r.l.).
The National Collective Labour Agreement (CCNL) for workers in the service and distribution segment was adopted by the Company Finscom S.r.l.

It is hereby reiterated that the organisational model adopted is comprised of the following documents: code of ethics, organisational model, job descriptions and management procedures.

**I. Health and safety in the workplace pursuant to 2428 of the Italian Civil Code**

Pursuant to provisions set out by the Legislative Decree 81/2008 and similar, the Employer meets the head of the prevention and protection service, the competent doctor and the representatives of workers for safety in an annual meeting. On this occasion, the risks and related evaluations are examined and discussions are engaged on the timing of interventions that have an impact on the safety and health of employees.

In the first months of 2015, resources destined to training were addressed to courses on safety and health in the workplace. The training for newly hired personnel was started, and for some already concluded. The training also involved all managers hired in the Group in the last few months. Employees had been informed on the procedures related to first aid, fire prevention regulations and evacuation of workplace. The training courses for Owners and Persons in charge of gaming arcades (Presidential Decree 1723/2014) had been organised and performed in the regions of Emilia Romagna and Lombardy.

Restructuring and requalification still took place within the racing installations run by TRENNO S.r.l. to improve their reception and operating capacity in order to ensure maximum technical and qualitative levels for all who operate therein. As regards safety, general and specific training of workers was constant and supplemented with training sessions, carried out by experts, on the use of equipment and individual protection devices. Lastly, a mobile emergency response unit has been made available at the facilities as a safeguard in the event of accidents during the races or training sessions.

**J. Business outlook and events that have occurred since the end of period**

**J.1 Business outlook and updates on Business Plans**

<u>Business outlook</u>
The Group's strategic objective is to maintain its leadership position on the betting market, including through new instruments offered by mobile operating technological platforms, besides a strengthening of the "Live" and "online" offering, and to increase the market share in the Gaming Machines sector. The Group is equipped with the resources, in terms of capital and know-how, that are necessary to achieve such objectives.

In the first half of 2015, the Group launched a new phase of the re-allocation process of VLTs gaming terminals (around 500) in better performing sales points. The first phase of this process involved the moving of around 1,450 VLTs in more efficient locations (mainly Arcades), which were able to generate a higher average coin-in per machine. This allowed us to improve our performance in the sector, despite the lacklustre performance of the sector overall. After the launching of Virtual Events, occurred at end 2013, the Group has further developed its infrastructure in betting shops, while still carrying out risk monitoring activities, aimed at consolidating the payout performance on sports betting.

The management of the sports betting pay-outs was, in fact, enhanced both through the upgrading of automatic controls upon acceptance, but also on account of the effects of the new operating contract that contributes to a better alignment of SNAI interests with those of the distribution network. These activities continued during the year 2015, aiming at the optimal balancing between the management payout and the volume of wagers.
The Group also intends to develop the AWP sector further through the availability of new state-of-the-art machines, whether owned or belonging to third parties.

Progress of the business plan
The 2014-2016 Business Plan, approved by the Board of Directors in its meeting of 20 March 2014, and subsequently updated in the meeting of 12 March 2015, is based on:

- focus on profit margins through more control over the pay-outs on sports betting to maximize contractual benefits;
- improved territorial balance of the network, to boost market share in significant areas;
- Expansion of the "line" and "online" games;
- long-term initiatives promoting loyalty in Betting Shops with a high market share;
- full exploitation of the potential of Virtual Events, to support, inter alia, expansion of the distribution network;
- growth of the Online Skill and Casino Games segment;
- enhancement and requalification of the Gaming Machines area in shops and in arcades;
- development of services dedicated to partners (training, dedicated web site) and actions aimed at their retention;
- launch of services to citizens to maximize opportunities for the distribution network;

In its meeting of 20 March 2014, the Board of Directors approved the 2014-2016 Business Plan, which was then updated in the meeting held on 12 March 2105. This Plan was focused on development and growth for the Group as listed above and which, once achieved, will contribute to reaching and maintaining economic and financial balance over time and will make available the necessary resources for business development, under the regulatory conditions known at the date of preparation and approval of the aforesaid plan.

At the end of the first half of 2015, EBITDA performance was lower than in the same period of the previous year, and slightly lower than expectations. The business performance was slightly different than estimates due to the following main factors: i) excellent results in the ADI segment; ii) revenues resulting from sports betting below expectations, also due to higher payout, which came to 82.2%. The payout performance is within the normal fluctuation of the variable and it is however better than the average market performance. Lower revenue was also due to lower wagers, also due to some critical issues connected with a portion of the distribution network which reported non-operating gaming points; iii) lower revenue and margins generated by betting on virtual events, partly resulting from the aforesaid critical issues connected with the non-operating gaming points; iv) the performance of skill games below expectations in terms of revenue and margins.

**J.2 Events subsequent to the end of the reporting period**

**Events related to the Board of Directors**
Effective on 9 July 2105, the Director Stefania Rossini resigned from her office.
The Company's Board of Directors met on 9 July 2015 and assigned the office, by co-optation, to Gabriele Del Torchio until the next Shareholders' Meeting.
Effective on 12 July 2015, the Director Giorgio Sandi (Chairman and Managing Director) resigned from his offices and waived all his powers.
The Board of Directors, held on 13 July 2015, assigned the office of Chairman of the Board of Directors and Managing Director to Del Torchio, while assigning him the same powers already conferred to Mr. Sandi.

**New developments to the case related to the SIS S.r.l. operator in liquidation**
The offer of SNAI S.p.A. was deemed as the most convenient and, after receiving the authorisation from the Court of Rome on 23 June 2015, the rental and transfer agreement of the company of SIS (substantially equal to the offer) was signed on 7 July 2015 before the Notary Giorgio Perrotta in Rome, between SNAI S.p.A. and SNAI Rete Italia S.r.l. (on the one part) and SIS (on the other part). The effectiveness of the rental and transfer agreement of the company of SIS was deferred until conclusion of consultations as per Art. 47, par. 1 of Law 428/1990, functional to the rental and subsequent transfer of the Business Segment. For further information, reference is made to section D.6 New developments to the case related to the SIS S.r.l. operator in liquidation.

**Signature of the agreement for the merger of the Cogemat/Cogetech Group with the SNAI Group**
On 13 July 2015, after the proposal made by OI Games S.A. e OI Games 2 S.A ("Majority Shareholders") - accepted on 5 May by SNAI -.as well as the favourable opinion of SNAI's Related party committee and the positive outcome of the due diligence, the investment agreement was signed among SNAI, Majority Shareholders and International Entertainment S.A. (50% shareholder of OI Games 2 S.A., together with OI Games S.A.) on the merger of the assets of the Cogemat/Cogetech Group with the assets of the SNAI Group through a transfer into SNAI's share capital.
The investment agreement envisaged that the transfer into SNAI involved at least the equity investments of the Majority Shareholders in Cogemat (equal to 75.25% of the related share capital), with the possibility for all the other shareholders in Cogemat (24.75% of the share capital) to adhere to the investment agreement within 5 August 2015. On 13 July 2015, some shareholders of Cogemat, holding in aggregate 13.31% of Cogemat share capital, already adhered to the agreement, effective on 6 August 2015.

While assuming the transfer of Cogemat entire share capital, after the actual merger, the current shareholders of Cogemat will hold 71,602,410 newly issued SNAI shares (38% of the share capital after the share capital increase, functional to the transfer).
It is foreseeable that - in case the conditions precedent set out in the investment agreements be fulfilled (including the issue of the authorisation by the Antitrust Authorities and the Customs and Monopoly Agency, and the issue of the consistency notice by the auditing company) - the merger could be finalised within September 2015 and fully effective by October 2015. The admission request to the listing of newly issued SNAI shares should be made within the end of this year.
The merger will create a first listed pole dedicated to entertainment in Italy and will allow the new SNAI Group to become the Italian leader of gaming not under monopoly regime, thus consolidating its position in the gaming machines segment. In this segment, the Company will be co-leader in the market with a share higher than 15%, thus strengthening the Group leadership in the segment of horse race and sports betting.

**Issue of a non-convertible, guaranteed, senior bond loan**

On 20 July 2015, the Board of Directors of SNAI S.p.A. approved the issue of a non-convertible, guaranteed, senior bond loan for a total principal up to Euro 110 million, with maturity term estimated on 15 June 2018.
The Bonds, reserved to qualified investors, will be listed at one or more regulated markets or in one or more Italian or European multilateral systems.
As regards the merger with the Cogemat Group, revenues resulting from the issue of Bonds will be used by the Company for the partial early cash repayment of payables resulting from some loans related to Cogemat and/or its subsidiaries.
As regards the issue of Bonds, the Board of Directors also approved a preliminary information document named "Preliminary Offering Memorandum", which contained the most significant information on Bonds. The preliminary Offering Memorandum can be consulted on the Company's internet site, *www.snaigroup.it*, in the "Investor Relations" Section.
At completion of the bookbuilding activity, on 21 July 2015 SNAI carried out the pricing of the guaranteed senior bond loan (Euro 110,000,000, 7.625% Senior Secured Notes) for a total principal up to Euro 110 million, with maturity term on 15 June 2018, at an issue price of 102.5%.
The Bond issue and regulation took place on 28 July 2015. The related amounts are credited on an escrow account until the occurrence of conditions precedent and upon enforceability of the transaction.
Bonds were initially subscribed by J.P.Morgan Securities plc. and Unicredit Bank AG, and then exclusively placed at qualified investors.
The listing of the Bonds was requested on the Euro MTF market, organised and managed by the Stock Exchange of Luxembourg.

## K. Other information

### K.1 Other information pursuant to article 2428 of the Italian civil code and article 40 of Legislative Decree 127 (2428 of the Italian civil code)

The subsidiary Finscom S.r.l. owns 70,624 SNAI shares for a nominal value of Euro 43,786.88.
Neither SNAI S.p.A. nor other companies of the SNAI Group have ever granted any loan or guarantees, either directly or indirectly, for the purchase or trading of shares in SNAI S.p.A. or its parent company.
SNAI S.p.A. and the other companies of the Group are not subject to particular risks related to the fluctuation of exchange rates.

The SNAI Group manages commercial risks vis-à-vis its customers internally.

### K.2 Option to take advantage of national tax consolidation

In June 2012, the corporate bodies of SNAI S.p.A. and Teleippica S.r.l. renewed their three year option to participate in the national tax consolidation, based on the articles of Presidential Decree no. 917 of 22 December 1986, and following amendments.

On 11 June 2013, TRENNO S.r.l. also renewed its commitment to the fiscal consolidation for a further three years.

for the Board of Directors
Gabriele Del Torchio
(Chairman and Managing Director)

Milan, 30 July 2015

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*The executive responsible for the preparation of the corporate and accounting documents, Mr. Marco Codella declares pursuant to art. 154 bis, paragraph 5 of the Finance Consolidation Act that the financial disclosure set forth in this document corresponds with the data contained in the accounting documents and records.*

**Condensed Consolidated Half-year Financial Statements as at 30 June 2015**

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

**Milan, 30 July 2015**

**SNAI Group - Consolidated Comprehensive Income Statement**

| *amounts in thousands of Euro* | **Note** | **Half-Year I 2015** | **of which Related Parties Note 35** | **of which non-recurring note 37** | **Half-Year I 2014** | **of which Related Parties Note 35** | **of which non-recurring note 37** |
|---|---|---|---|---|---|---|---|
| Revenues from sales and services | 5 | 254,225 | 2 | | 263,298 | | |
| Other revenue and income | 6 | 28,586 | 2 | 28,024 | 393 | 4 | |
| Change in inventory of finished and semi-finished products | | (16) | | | 0 | | |
| Raw materials and consumables | 7 | (301) | | | (636) | | |
| Costs for services and use of third party assets | 8 | (181,702) | (85) | (1,030) | (178,589) | (343) | |
| Costs of personnel | 9 | (19.756) | | | (18,353) | | |
| Other operating costs | 10 | (19,475) | (6) | (786) | (13,486) | (8) | |
| Capitalised internal construction costs | 11 | 450 | | | 450 | | |
| **Earnings before interest, tax, depreciation and amortisation** | | **62,011** | | | **53,077** | | |
| Amortisation, depreciation and write-downs | 12 | (28,618) | | | (29,302) | | |
| Other provisions | 29 | 89 | | | (448) | | |
| **Earnings before interest and taxes** | | **33,482** | | | **23,327** | | |
| Gains and expenses from shareholdings | | 55 | | | (444) | | |
| Financial income | | 666 | | | 758 | | |
| Financial expenses | | (28,246) | | | (30,937) | | |
| **Total financial income and expenses** | 13 | **(27,525)** | | | **(30,623)** | | |
| **PROFIT/(LOSS) BEFORE TAXES** | | **5,957** | | | **(7,296)** | | |
| Income tax | 14 | (5,623) | | | 324 | | |
| **Profit/(Loss) for the period** | | **334** | | | **(6,972)** | | |
| **Total other comprehensive income components which will not be restated under profit/(loss) for the period after taxes** | | **0** | | | **0** | | |
| Net (loss)/profit from derivatives as cash flow hedges | | 1,062 | | | 1,062 | | |
| Net (Loss)/profit on available-for-sale financial assets | | (110) | | | 0 | | |
| **Total other comprehensive income components which will not be restated under profit/(loss) for the period after taxes** | | **952** | | | **1,062** | | |
| **Total profit/(loss) in comprehensive income statement, after taxes** | 25 | **952** | | | **1,062** | | |
| **Comprehensive profit (loss) for the period** | | **1,286** | | | **(5,910)** | | |
| *Attributable to:* | | | | | | | |
| Profit (loss) for the period pertaining to the Group | | 334 | | | (6,972) | | |
| Profit (loss) for the period pertaining to Third parties | | 0 | | | 0 | | |
| Comprehensive profit (loss) for the period pertaining to the Group | | 1,286 | | | (5,910) | | |
| Comprehensive profit (loss) for the period pertaining to Third Parties | | 0 | | | 0 | | |
| Basic earnings (loss) per share in Euro | 26 | 0,00 | | | (0,06) | | |
| Diluted earnings (loss) per share in Euro | 26 | 0,00 | | | (0,06) | | |

**SNAI Group - Consolidated Comprehensive Income Statement**

| *amounts in thousands of Euro* | **Note** | **QII 2015** | **QII 2014** |
|---|---|---|---|
| Revenues from sales and services | 5 | 125,769 | 121,043 |
| Other revenue and income | 6 | 919 | 210 |
| Change in inventory of finished and semi-finished products | | 0 | 0 |
| Raw materials and consumables | 7 | (150) | (226) |
| Costs for services and use of third party assets | 8 | (89,541) | (89,259) |
| Costs of personnel | 9 | (10,392) | (9,527) |
| Other operating costs | 10 | (11,137) | (4,669) |
| Capitalised internal construction costs | 11 | 225 | 225 |
| **Earnings before interest, tax, depreciation and amortisation** | | **15,693** | **17,797** |
| Amortisation, depreciation and write-downs | 12 | (14,414) | (14,492) |
| Other provisions | 29 | 89 | (24) |
| **Earnings before interest and taxes** | | **1,368** | **3,281** |
| Gains and expenses from shareholdings | | 55 | (455) |
| Financial income | | 328 | 410 |
| Financial expenses | | (14,102) | (15,700) |
| **Total financial income and expenses** | 13 | **(13,719)** | **(15,745)** |
| **PROFIT/(LOSS) BEFORE TAXES** | | **(12,351)** | **(12,464)** |
| Income tax | 14 | 1,249 | 3,289 |
| **Profit/(Loss) for the period** | | **(11,102)** | **(9,175)** |
| **Total other comprehensive income components which will not be restated under profit/(loss) for the period after taxes** | | **0** | **0** |
| Net (loss)/profit from derivatives as cash flow hedges | | 531 | 531 |
| Net (Loss)/profit on available-for-sale financial assets | | (110) | 0 |
| **Total other comprehensive income components which will be restated under profit/(loss) for the period after taxes** | | **421** | **531** |
| **Total profit/(loss) in comprehensive income statement, after taxes** | 25 | **421** | **531** |
| **Comprehensive profit (loss) for the period** | | **(10,681)** | **(8,644)** |
| *Attributable to:* | | | |
| Profit (loss) for the period pertaining to the Group | | (11,102) | (9,175) |
| Profit (loss) for the period pertaining to Third parties | | 0 | 0 |
| Comprehensive profit (loss) for the period pertaining to the Group | | (10,681) | (8,644) |
| Comprehensive profit (loss) for the period pertaining to Third Parties | | 0 | 0 |
| Basic earnings (loss) per share in Euro | 26 | (0.10) | (0.08) |
| Diluted earnings (loss) per share in Euro | 26 | (0.10) | (0.08) |

With regard to transactions with related parties, reference is made to Note 35 "Related parties".

**SNAI Group - Consolidated balance sheet**

| *amounts in thousands of Euro* | Note | 30.06.2015 | of which Related Parties Note 35 | 31.12.2014 | of which Related Parties Note 35 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment owned | | 138,848 | | 140,142 | |
| Assets held under financial lease | | 3,027 | | 3,782 | |
| **Total property, plant and equipment** | 15 | **141,875** | | **143,924** | |
| Goodwill | | 238,591 | | 231,531 | |
| Other intangible assets | | 84,400 | | 102,857 | |
| **Total intangible assets** | 16 | **322,991** | | **334,388** | |
| Shareholdings measured using the equity method | | 2,410 | | 2,318 | |
| Shareholdings in other companies | | 46 | | 46 | |
| **Total shareholdings** | 17 | **2,456** | | **2,364** | |
| Deferred tax assets | 18 | 78,283 | | 80,004 | |
| Other non-financial assets | 21 | 1,708 | | 1,967 | |
| Financial Assets | 22 | 1,773 | | 1,244 | |
| **Total non-current assets** | | **549,086** | | **563,891** | |
| **Current assets** | | | | | |
| Inventories | 19 | 343 | | 486 | |
| Trade receivables | 20 | 74,250 | | 58,486 | |
| Other assets | 21 | 23,475 | | 24,509 | 1 |
| Current financial assets | 22 | 19,719 | | 19,663 | |
| Cash and cash equivalents | 23 | 75,971 | | 68,629 | |
| **Total current assets** | | **193,758** | | **171,773** | |
| **TOTAL ASSETS** | | **742,844** | | **735,664** | |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | | |
| **Shareholders' equity pertaining to the Group** | | | | | |
| Share Capital | | 60,749 | | 60,749 | |
| Reserves | | (11,696) | | 13,434 | |
| Profit/(Loss) for the period | | 334 | | (26,082) | |
| **Total Shareholders' equity pertaining to the Group** | | **49,387** | | **48,101** | |
| Shareholders' equity pertaining to minority interests | | | | | |
| **Total Shareholders' equity** | 24 | **49,387** | | **48,101** | |
| **Non-current liabilities** | | | | | |
| Post-employment benefits | 27 | 5,242 | | 4,602 | |
| Non-current financial liabilities | 28 | 465,842 | | 464,769 | |
| Deferred tax liabilities | 18 | 61,116 | | 58,593 | |
| Provisions for risks and charges | 29 | 10,635 | | 10,838 | |
| Sundry payables and other non-current liabilities | 30 | 2,420 | | 2,336 | |
| **Total non-current liabilities** | | **545,255** | | **541,138** | |
| **Current liabilities** | | | | | |
| Trade payables | 31 | 26,140 | 3 | 32,385 | 201 |
| Other liabilities | 30 | 119,338 | 385 | 91,117 | 484 |
| Current financial liabilities | | 2,724 | | 3,371 | |
| Current portion of long-term borrowings | | 0 | | 19,552 | |
| **Total financial liabilities** | 28 | **2,724** | | **22,923** | |
| **Total current liabilities** | | **148,202** | | **146,425** | |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **742,844** | | **735,664** | |

**STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY**

*(amounts in thousands of Euro)*

| | Note | Share Capital | Legal Reserve | Share premium reserve | Cash Flow Hedge Reserve | Post-employment benefit reserve (IAS 19) | Treasury share reserve | Profit (loss) carried forward | Profit (loss) for the year | Total Shareholders' Equity - Group | Total Shareholders' Equity - Third Parties | Total Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance as at 01.01.2014 | | 60,749 | 1,559 | 108,282 | (4,248) | (432) | 0 | 967 | (94,530) | 72,347 | 0 | 72,347 |
| Loss for fiscal year 2013 | | | | (94,336) | | | | (194) | 94,530 | 0 | | 0 |
| Profit/(Loss) for the period | | | | | | | | | (6,972) | (6,972) | | (6,972) |
| Other comprehensive profit/(loss) | 25 | | | | 1,062 | 0 | 0 | | | 1,062 | | 1,062 |
| Net amounts as at 30.06.2014 | | 0 | 0 | 0 | 1,062 | 0 | 0 | 0 | (6,972) | (5,910) | | (5,910) |
| **Balance as at 30.06.2014** | | **60,749** | **1,559** | **13,946** | **(3,186)** | **(432)** | **0** | **773** | **(6,972)** | **66,437** | **0** | **66,437** |

| | Note | Share Capital | Legal Reserve | Share premium reserve | Cash Flow Hedge Reserve | Post-employment benefit reserve (IAS 19) | Treasury share reserve | Profit (loss) carried forward | Profit (loss) for the year | Total Shareholders' Equity - Group | Total Shareholders' Equity - Third Parties | Total Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance as at 01.01.2015 | | 60,749 | 1,559 | 13,946 | (2,124) | (720) | 0 | 773 | (26,082) | 48,101 | 0 | 48,101 |
| Loss for fiscal year 2014 | 24 | | (1,559) | (13,946) | | | | (10,577) | 26,082 | 0 | | 0 |
| Profit/(Loss) for the period | | | | | | | | | 334 | 334 | | 334 |
| Other comprehensive profit/(loss) | 25 | | | | 1,062 | 0 | (110) | | | 952 | | 952 |
| Net amounts as at 30.06.2015 | | 0 | 0 | 0 | 1,062 | 0 | (110) | 0 | 334 | 1,286 | | 1,286 |
| **Balance as at 30.06.2015** | | **60,749** | **0** | **0** | **(1,062)** | **(720)** | **(110)** | **(9,804)** | **334** | **49,387** | **0** | **49,387** |

**SNAI Group - Consolidated Cash Flow Statement**

| *amounts in thousands of Euro* | Note | 30.06.2015 | of which Related Parties Note 35 | 30.06.2014 | of which Related Parties Note 35 |
|---|---|---|---|---|---|
| **A. CASH FLOW FROM OPERATIONS** | | | | | |
| Profit (loss) for the period pertaining to the Group | | 334 | | (6,972) | |
| Profit (loss) for the period pertaining to Third parties | | 0 | | 0 | |
| Amortisation, depreciation and write-downs | 12 | 28,618 | | 29,302 | |
| Net change in assets (liabilities) for deferred tax assets (deferred tax liabilities) | 18 | 3,842 | | (1,578) | |
| Change in provision for risks | 29 | (240) | | (3,852) | |
| (Capital gains) capital losses from non-current assets (including shareholdings) | | 9 | | 909 | |
| Portion of earnings pertaining to shareholdings measured using the equity method (-) | 13 | (55) | | 444 | |
| Net change in sundry non-current trade assets and liabilities and other changes | 21-30 | 343 | | (644) | |
| Net change in current trade assets and liabilities and other changes | 19-20-21-31-30 | 7,389 | (296) | 7,812 | (840) |
| Net change in post-employment benefits | 27 | 640 | | (87) | |
| **CASH FLOW FROM (USED IN) OPERATIONS (A)** | | **40,880** | | **25,334** | |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | | | | |
| Investments in property, plant and equipment (-) | 15 | (6,603) | | (4,059) | |
| Investments in intangible assets (-) | 16 | (8,578) | | (2,212) | |
| Acquisition of shareholdings in subsidiaries, net of acquired cash and cash equivalents | | (84) | | 0 | |
| Proceeds from the sale of tangible, intangible and other non-current assets | | 84 | | 34 | |
| **CASH FLOW FROM (USED IN) INVESTING ACTIVITIES (B)** | | (15,181) | | (6,237) | |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | | | | |
| Change in financial receivables and other financial assets | 22 | (695) | | (515) | |
| Change in financial liabilities | 28 | 2,338 | | (509) | |
| Repayment of financing | 28 | (20,000) | | 0 | |
| **CASH FLOW FROM (USED IN) FINANCING ACTIVITIES (C)** | | (18,357) | | (1,024) | |
| **D. CASH FLOWS FROM DISCONTINUED ASSETS /ASSETS HELD FOR SALE (D)** | | | | | |
| **E. TOTAL CASH FLOW (A+B+C+D)** | | 7,342 | | 18,073 | |
| **F. INITIAL NET FINANCIAL LIQUIDITY (INITIAL NET FINANCIAL INDEBTEDNESS)** | | 68,629 | | 45,499 | |
| **G. NET EFFECT OF THE CONVERSION OF FOREIGN CURRENCIES ON LIQUIDITY** | | | | | |
| **H. FINAL NET FINANCIAL LIQUIDITY (FINAL NET FINANCIAL INDEBTEDNESS) (E+F+G)** | **23** | **75,971** | | **63,572** | |

**RECONCILIATION OF FINAL NET FINANCIAL LIQUIDITY (FINAL NET FINANCIAL INDEBTEDNESS):**

| | 30.06.2015 | 30.06.2014 |
|---|---|---|
| CASH AND CASH EQUIVALENTS AFTER DEDUCTING SHORT-TERM FINANCIAL PAYABLES AT THE END OF THE PERIOD, ANALYSED AS FOLLOWS: | | |
| Cash and cash equivalents | 68,629 | 45,499 |
| Bank overdrafts | | |
| Discontinued operations | | |
| | **68,629** | **45,499** |
| CASH AND CASH EQUIVALENTS LESS SHORT-TERM FINANCIAL PAYABLES AT THE END OF THE PERIOD, ANALYSED AS FOLLOWS: | | |
| Cash and cash equivalents | 75,971 | 63,572 |
| Bank overdrafts | | |
| Discontinued operations | | |
| | **75,971** | **63,572** |

Interest expenses paid in the first half of 2015 amounted to around Euro 22,981 thousand (Euro 25,282 thousand in the first half of 2014).
Taxes paid in the first half of 2015 amounted to around Euro 2,882 thousand (Euro 63 thousand in the first half of 2014).

## FINANCIAL STATEMENTS AS AT 30 JUNE 2015

## EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

### 1. Relevant accounting standards

**Consolidation scope**
SNAI S.p.A. (hereinafter also referred to as the "Parent Company") has its registered office in Porcari (LU), Via Luigi Boccherini, 39 - Italy. Schedule 1 sets forth the composition of the SNAI Group.

The consolidated financial statements of the SNAI Group as at 30 June 2015 comprise the financial statements of SNAI S.p.A. and the following subsidiaries, which are consolidated on a line-by-line basis:

- Società Trenno S.r.l. held by a sole quotaholder
- Teleippica S.r.l. held by a sole quotaholder
- SNAI Rete Italia S.r.l. held by a sole quotaholder
- Finscom S.r.l.

The consolidation scope changed with respect to 31 December 2014 in so far as:

- on 24 November 2014, the merger deed was signed envisaging the incorporation into SNAI S.p.A. of the entirely controlled companies Festa S.r.l., held by a sole quotaholder and Immobiliare Valcarenga S.r.l. held by a sole quotaholder, in execution of the merger resolutions made by the competent bodies of the aforesaid companies on 28 and 31 July 2014, respectively. The merger was effective on 1 January 2015, after registration of the deed in the competent Company's Registers. Also accounting and tax effects became effective on that date. The merger had no impact on the consolidated financial statements as it was an intercompany transaction;
- on 18 December 2014, the "winding-up and liquidation" deed of the company SNAI Olè s.a. was signed before the Notary Joaquin Vincente Calvo Saavedra. The deed was recorded in the Trade Register in view of the following write-off of the company. The company was written off from the Trade Register on 25 February 2015;
- on 3 April 2015, the new company named SNAI Rete Italia S.r.l., 100% owned by SNAI S.p.A., was incorporated with share capital of Euro 10 thousand, also aimed at the acquisition of shareholdings in companies managing sales points, as well as at the centralisation and management of direct sales points;
- on 1 April 2015, SNAI S.p.A. ("SNAI") entered with Finscom S.r.l., in liquidation, ("Finscom") and the shareholders of Finscom, a Debt Restructuring Agreement, pursuant to Art. 67, par. 3, lett. d) of the Bankruptcy Law.

In execution of the aforesaid agreement, an extraordinary shareholders' meeting of Finscom was held on 8 April 2015. The meeting resolved on the following: (i) settlement of losses and re-establishment of Finscom's share capital (Euro 25,000.00), partly through the corresponding waive of some amounts receivable and partly through the increase of the share capital reserved to SNAI and SNAI Rete Italia S.r.l. (subject indicated by SNAI pursuant to the Debt Restructuring Agreement), as well as (ii) the revocation of the liquidation position of Finscom.
Following the waive by Finscom's shareholders to their right of subscribe the reserved share capital increase as per Art.2481-bis of the Italian Civil Code, SNAI subscribed and released the reserved share capital increase by offsetting the amounts receivable from Finscom with the entire principal (total amount of Euro 2,662,145.02). SNAI Rete Italia S.r.l. subscribed and released the reserved share capital increase through the payment in cash of Euro 2,363,438.09.
At the end of the aforesaid transactions, Finscom's share capital was now entirely held by the new shareholders SNAI and SNAI Rete Italia S.r.l., in the percentage of 52.97% and 47.03%, respectively.

The financial statements of the companies included in the consolidation scope ended 31 December, coinciding with the Parent company's year-end. Such financial statements are opportunely reclassified and corrected in order to align them with the IFRS accounting standards and valuation criteria used by the Parent Company (reporting package). Such financial statements and reporting packages were approved by the respective management bodies.

The consolidated financial statements as at 30 June 2015 were approved by the directors of the Parent Company at the board of directors' meeting held on 30 July 2015 and then authorized for publication as provided by law.

**Seasonality**
As regards seasonality, this business is not subject to significant fluctuations, although it should be considered that the number of sports events, above all football matches, for which bets are accepted, is higher in the first and fourth quarters than in other quarters of the year.

### 1.1 Directors' estimates related to the going concern requirements

The capital, financial position and operating results of the SNAI Group are characterised by: (i) negative results, partly due to the effects of unforeseeable phenomena, as well as a significant amount of amortisation/depreciation and financial expenses, (ii) intangible assets of a significant amount as compared to the shareholders' equity which is reduced due to accumulated losses, (iii) a significant level of indebtedness, with flows assigned to its reduction that are limited by the absorption of liquidity required by the investments that are typical of the business, and by financial expenses.

In particular, with respect to the financial statements as at 30 June 2015, the Group reported net profits of Euro 0.3 million and equity increased to Euro 49.4 million. Net financial indebtedness, equal to Euro 392.6 million, is mainly composed of bond loans issued and subscribed on 4 December 2013, to be repaid in 2018.
The Directors reported that, due to the effect of the Barcrest transaction, the results of the first half of 2015 were remarkably better than the results of the first half of the previous year. The business performance was slightly lower than estimates due to the following main factors: i) excellent results in the ADI segment; ii) revenues resulting from sports betting below expectations, also due to higher payout, which came to 82.2%. The payout performance is within the normal fluctuation of the variable and it is however better than the average market performance. Lower revenue was also due to lower wagers, also due to some critical issues connected with a portion of the distribution network which reported non-operating gaming points; iii) lower revenue and margins generated by betting on virtual events, partly resulting from the aforesaid critical issues connected with the non-operating gaming points; iv) the performance of skill games below expectations in terms of revenue and margins.

The Directors prepared a strategic plan for 2014-2016 years (the “2014-2016 Plan” or the “Plan”), approved last 14 March 2014, whereby, at the end of the three-year period, revenues and margins will have grown significantly and a positive economic result will be achieved, whilst the consolidated Shareholders’ Equity will be substantially unchanged with respect to 2013, there will be adequate operating cash flows to finance the investments necessary for the business development and to cover financial expenses generated by indebtedness. In light of current forecasts, however, the Company is not likely to generate the necessary resources to entirely repay bond loans in 2018.
In the meeting of the BoD held on 12 March 2015, the Plan itself was recently updated to take account of the negative effects resulting from regulations introduced by the Stability Law approved in December 2014, the performance of the distribution network and further actions to support the business. The results achieved with the plan updating, however, do not differ significantly from the previously approved plan. Estimates for 2015 were also supplemented to include equity, economic and financial effects of the Barcrest transaction occurred in the first months of 2015.

Within this framework, with a reduced Shareholders’ Equity, which limits the Company's ability to absorb further losses, and negative effects and uncertainties generated by the new rules set out by the Stability Law, the Company reacted with significant growth expectations in terms of wagers, which will affect revenues and margins, based on a number of initiatives. The latter include a strong increase in the Live and On Line offer, wider offers related to virtual events, as well as the continuation of the reallocation plan of VLT terminals to better performing locations. Moreover, the Company's performance should also benefit from the fact that the payout on sports betting was managed more effectively thanks to the combined effects of the new management agreement which better aligns SNAI’s interests with those of the Operators, and of the improved automatic controls on the betting acceptance system, which have already helped to generate a better performance with respect to competitors.

The Plan, in its updated version as well, therefore defines a path towards the achievement of an economic and financial balance. Some uncertainties are however still present in relation to: (1) the actual achievement of operating and economic-financial results substantially consistent with expected growth in revenues and margins in the various business segments, necessary to maintain the Company’s Shareholders’ Equity, (2) the Company’s ability to obtain the necessary resources to repay and/or replace the outstanding bond loans upon maturity and, more generally, (3) the uncertainty connected with the occurrence of future events and the characteristics of the relevant market, including the rumoured possibility of a significant increase in taxation in the Gaming Machines sector, which could negatively affect the actual implementation of the Plan, and therefore the achievement of results and future cash flows on which the main assessments made to prepare these financial statements are based.

As regards equity, positive effects might also result in the near future from the finalisation of the acquisition of the Cogemat Group, which will come together with a share capital increase, a better Net Debt/EBITDA ratio, as well as an increase in the expected EBITDA, which is likely to be also increased thanks to cost synergies and other higher efficiency that might be obtained.

While evaluating the uncertainties identified, Directors also considered that the impact on the Group of possible unfavourable deviations, which might generally occur with respect to estimates for 2015, will be mitigated thanks to the positive effects of the Barcrest transaction. On the other hand, the same Directors acknowledged the necessity to carry out a careful and constant monitoring of results, in order to timely assess any possible deviations in performance that might affect future years and, in general, the achievement of an economic, equity and financial balance. In this sense, while drawing up the condensed consolidated half-year financial statements, the Directors evaluated the deviations from half-yearly performance compared to estimates, as summarised here above, and reached the conclusion that there are no elements that would require the substantial modification of estimates taken as a reference for this evaluation.

Lastly, Directors believe that, albeit in the presence of the foregoing uncertainties, the targets set out in the Plan are reasonable and the Company has the capacity to continue its business operations in the foreseeable future, and therefore have prepared the financial statements based on the going concern assumptions.

### 1.2 Accounting standards

#### (a) General standards

These condensed consolidated half-year financial statements as at 30 June 2015 have been prepared in accordance with IAS 34 "Interim Financial Reporting". The condensed interim consolidated financial statements do not disclose all information required for the drafting of the annual consolidated financial statements. For this reason the condensed interim consolidated financial statements should be read together with the consolidated financial statements as at 31 December 2014.

The drafting, measurement and consolidation criteria, as well as the accounting standards used in the preparation of these consolidated financial statements are consistent with those used for the drafting of the consolidated financial statements for the year ended 31 December 2014, except for the adoption of new or revised standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee, as described below. The adoption of these amendments and interpretations had no significant impact upon the Group's financial position and economic performance.
The term IFRS also refers to the revised international financial reporting standards and 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 to the new standards and interpretations applied as from 1 January 2015**
In accordance with paragraph 28 of IAS 8, the IFRSs that have come into effect as from 1 January 2014 and are applied by the Group are summarized and briefly illustrated below:

**Amendments to IAS 19 - Employee Benefits: Employee Contributions**
IAS 19 requires that an entity recognises contributions by employees or third parties in the accounting of a defined benefit plan. When employee contributions are related to service, they should be attributed to periods of service as a negative benefit. The amendment clarifies that, if the contributions are regardless of the years of employment, the entity will be entitled to recognise these contributions to reduce the cost of service in the same period in which the same is rendered, instead of allocating contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014.

**IFRIC 21 Levies**
IFRIC 21 clarifies that an entity recognises a liability for levies not before the occurrence of the event to which the payment is connected, in compliance with applicable law. As regards payments that are due only upon the overcoming of a specific minimum threshold, the liability is recorded only when such threshold is reached. The IFRIC 21 should be applied retrospectively. The application of this interpretation is compulsory for financial statements beginning on or after 17 June 2014.

The accounting layouts adopted by the SNAI Group for the fiscal period ended on 30 June 2015 have not changed from those adopted on 31 December 2014.

**Reporting format of the Financial Statements**
The format adopted by the Group is the following:

**Consolidated Balance Sheet**
The format adopted for the Balance sheet distinguishes between current and non-current assets and current and non-current liabilities and, for each asset and liability item, the disclosed amounts are those expected to be settled or recovered within or after 12 months from the reporting date.

**Consolidated Comprehensive Income Statement**
The Comprehensive income statement reports the items by type, as this is considered more consistent with the Group's activities.

**Statement of Changes in Consolidated Shareholders' Equity**
The Statement of changes in shareholders' equity presents the net results for the period, and the effects, on each item of shareholders' equity, of changes in accounting standards and corrections of errors as required by IAS 8. In addition, it shows the balance of retained earnings and losses at the beginning of the period, the movements during the period and at the end of the period.

**Consolidated Cash Flow Statement**
The Consolidated Cash Flow Statement shows the cash flows deriving from operating, investing and financing activities. The cash flows from operating activities are presented using the indirect method, whereby the net result for the year or the period is adjusted for the effects of operations of a non-monetary nature, for any deferral of accrual of previous or future operating cash collections or payments, and for elements of revenues or costs related to cash flows deriving from investing or financing activities.

## 2. Agreements for services licensed

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

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

| Owner | Qty | Subject matter | Due date |
|---|---|---|---|
| SNAI S.p.A. | 1 Concession | Building and running networks for ICT (Information & Communication Technology) management of legal gaming via entertainment and amusement machines, in accordance with Art. 110 (6) of the T.U.L.P.S. [Consolidated Text of Public Safety Laws], as per Royal Decree no. 773 of 18 June 1931 and following amendments and supplements, as well as related activities and functions. | March 2022 |
| SNAI S.p.A. | 1 Concession Code 4311 | Operation of public gaming based on horses, through the activation of distribution networks (horse race gaming shops and/or networks of horse race gaming corners) and the management thereof | June 2016 |
| SNAI S.p.A. | 1 Concession Code 4028 | Operation of public gaming based on events other than horse races, through the activation of distribution networks (horse race gaming shops and/or networks of horse race gaming corners) and the management thereof | June 2016 |
| SNAI S.p.A. | 1 Concession Code 4801 | Operation of public gaming through the activation of the on-line horse race gaming networks and the management thereof | June 2016 |
| SNAI S.p.A. | 1 Concession Code 15215 | Operation through the on-line wagers of the following games: a) sports betting; b) horse racing betting; c) horse racing and sports betting pools; d) national horse race gaming; e) skill games, including tournament style card games; f) bingo. | September 2020 |
| SNAI S.p.A. | 1 Concession Code 4501 * | Operation of horse racing and sports public games as per Art. 10, par. 9-octies, of the Law Decree no. 16 of 2 March 2012, converted as amended into Law no. 44 of 26 April 2012. | June 2016 |

* SNAI adhered to the proceeding envisaged by Law 190 of 23 December 2014 (2015 Stability Law) as regards tax regularisation of operating "CTDs" as at 30 October 2014. This resulted in the widening of the physical collection network with a certain number of additional shops, former "CTDs" that are now regularised.

## 3. Operating segments

The segment reporting is presented by “operating segment”. The segment is based upon the management structure and the internal reporting system followed by the Group. The intra-sector sales take place at market conditions.
The group operates in the following main segments:

- Betting Services;
- Management of Racetracks;
- Concessions;
- Television Services.

Specifically, the Group’s operations have been defined as follows:

- **Betting Services**: this segment includes operations related to the management of the racetracks, including real estate management and organization of races. These activities are essentially managed by SNAI S.p.A., Festa S.r.l., with respect to the portion related to the gaming and betting sector;
- **Management of Racetracks**: this segment includes operations related to the management of the racetracks, including real estate management and organization of races. These activities are managed by Società Trenno S.r.l., Immobiliare Valcarenga S.r.l. and by SNAI S.p.A. for the real estate sector;
- **Concessions**: this segment includes operations related to the management of horseracing and sports accepting concessions entrusting the activation and operational management of the networks for the on-line management of legal gaming on gaming machines and related activities and functions (slot machines - AWP and videolottery - VLT), in addition to activities related to skill games, bingo and casino games;
- **Television Services**: this segment includes operations related to television services. These activities are managed by the company Teleippica S.r.l.

The following table provides information on the contribution to consolidated figures related to the above-mentioned operations.

The sector results include both directly attributable elements and amounts attributable through a reasonable allocation for costs that are common to more than one sector and indirect costs.
Conversely, revenues for the sale of software and technology, those for the set-up of stores and other revenues not included under the four specific business areas are not attributed to the main sectors. Therefore, the costs related to the above-mentioned revenues, as well as the financial income and expenses not attributable to those four main business areas, are not attributed to specific sectors but rather to overall corporate governance.

The “Concessions” segment includes all bets, both fixed-odds (in which the desk/counter is owned by the concession holder) and totalisator bets (where the desk/counter is owned by the Ministry of Finance), accepted in the PAS (punti accettazione scommesse - betting acceptance points) where SNAI is the direct concession holder.

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

| | Betting Services | | Management of Racetrack | | Concessions | | Television Services | | Other | | Eliminations | | Total consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(amounts in thousands of Euro)* | 30.06.2015 | 31.12.2014 | 30.06.2015 | 31.12.2014 | 30.06.2015 | 31.12.2014 | 30.06.2015 | 31.12.2014 | 30.06.2015 | 31.12.2014 | 30.06.2015 | 31.12.2014 | 30.06.2015 | 31.12.2014 |
| **Sector assets** | **8,980** | 5,618 | **8,182** | 4,756 | **245,607** | 227,749 | **5,393** | 10,431 | **707** | 1,055 | **0** | 0 | **268,869** | 249,609 |
| **Tangible and intangible assets** | **12,240** | 12,629 | **105,453** | 102,319 | **329,730** | 345,891 | **3,572** | 3,725 | **2** | 4 | **0** | 0 | **450,997** | 464,568 |
| **Unallocated tangible and intangible assets** | | | | | | | | | | | | | **13,869** | 13,744 |
| **Shareholdings in associates** | **0** | 0 | **2,410** | 2,315 | **0** | 0 | **0** | 0 | **46** | 49 | **0** | 0 | **2,456** | 2,364 |
| **Unallocated assets** | | | | | | | | | | | | | **6,653** | 5,379 |
| **Total Assets** | **21,220** | 18,247 | **116,045** | 109,390 | **575,337** | 573,640 | **8,965** | 14,156 | **755** | 1,108 | **0** | 0 | **742,844** | 735,664 |
| **Sector liabilities** | **2,443** | 3,269 | **10,846** | 8,131 | **654,381** | 649,700 | **2,903** | 2,858 | **147** | 932 | **0** | 0 | **670,720** | 664,890 |
| **Unallocated liabilities** | | | | | | | | | | | | | **22,737** | 22,673 |
| **Total Liabilities** | **2,443** | 3,269 | **10,846** | 8,131 | **654,381** | 649,700 | **2,903** | 2,858 | **147** | 932 | **0** | 0 | **693,457** | 687,563 |
| **Investments:** | | | | | | | | | | | | | | |
| **Tangible and intangible assets** | **0** | 713 | **5,041** | 1,521 | **1,340** | 13,331 | **385** | 383 | **0** | 0 | **0** | 0 | **6,766** | 15,948 |
| **Unallocated tangible and intangible assets** | | | | | | | | | | | | | **1353** | 2,642 |

## Half-year I 2015

| | Betting Services | | Management of Racetrack | | Concessions | | Television Services | | Other | | Eliminations | | Total consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(amounts in thousands of Euro)* | Half-Year I 2015 | Half-Year I 2014 | Half-Year I 2015 | Half-Year I 2014 | Half-Year I 2015 | Half-Year I 2014 | Half-Year I 2015 | Half-Year I 2014 | Half-Year I 2015 | Half-Year I 2014 | Half-Year I 2015 | Half-Year I 2014 | Half-Year I 2015 | Half-Year I 2014 |
| **Sector revenues** | **6,708** | 5,933 | **5,351** | 3,483 | **266,066** | 249,210 | **4,576** | 4,574 | **110** | 491 | **0** | 0 | **282,811** | 263,691 |
| **Inter-sector revenues** | **79** | 2,059 | **120** | 119 | **4** | 5 | **1,496** | 1,498 | **258** | 272 | **(1,957)** | (3,953) | **0** | 0 |
| **Results of operations** | **3,048** | 3,005 | **(2,664)** | (4,189) | **32,619** | 23,806 | **424** | 589 | **55** | 116 | **0** | 0 | **33,482** | 23,327 |
| **Quotas of results of operations pertaining to shareholdings** | **0** | 0 | **95** | (440) | **0** | 0 | **0** | 0 | **(40)** | (4) | **0** | 0 | **55** | (444) |
| **Financial (expenses) and income** | **(14)** | (39) | **(17)** | (35) | **(27,469)** | (30,530) | **(23)** | 11 | **(57)** | 414 | **0** | 0 | **(27,580)** | (30,179) |
| **Income tax** | | | | | | | | | | | | | **(5,623)** | 324 |
| **Profit/(Loss) for the period** | | | | | | | | | | | | | **334** | (6,972) |
| **The results of operations include:** | | | | | | | | | | | | | | |
| **Amortisation, depreciation and write-downs** | **(279)** | (241) | **(1,910)** | (1,983) | **(25,889)** | (26,518) | **(539)** | (554) | **(1)** | (6) | **0** | 0 | **(28,618)** | (29,302) |

## QII 2015

| | Betting Services | | Management of Racetrack | | Concessions | | Television Services | | Other | | Eliminations | | Total consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(amounts in thousands of Euro)* | QII 2015 | QII 2014 | QII 2015 | QII 2014 | QII 2015 | QII 2014 | QII 2015 | QII 2014 | QII 2015 | QII 2014 | QII 2015 | QII 2014 | QII 2015 | QII 2014 |
| **Sector revenues** | **3,311** | 3,063 | **4,108** | 2,166 | **116,897** | 113,547 | **2,294** | 2,290 | **78** | 187 | **0** | 0 | **126,688** | 121,253 |
| **Inter-sector revenues** | **50** | 750 | **75** | 61 | **0** | 1 | **750** | 752 | **133** | 166 | **(1,008)** | (1,730) | **0** | 0 |
| **Results of operations** | **1,527** | 1,539 | **(495)** | (2,006) | **272** | 3,477 | **184** | 238 | **(120)** | 33 | **0** | 0 | **1,368** | 3,281 |
| **Quotas of results of operations pertaining to shareholdings** | **0** | 0 | **95** | (451) | **0** | 0 | **0** | 0 | **(40)** | (4) | **0** | 0 | **55** | (455) |
| **Financial (expenses) and income** | **(10)** | (18) | **(8)** | (18) | **(13,694)** | (15,471) | **(5)** | 15 | **(57)** | 202 | **0** | **0** | **(13,774)** | (15,290) |
| **Income tax** | | | | | | | | | | | | | 1,249 | 3,289 |
| **Profit/(Loss) for the period** | | | | | | | | | | | | | (11,102) | (9,175) |
| **The results of operations include:** | | | | | | | | | | | | | | |
| **Amortisation, depreciation and write-downs** | **(139)** | (122) | **(965)** | (999) | **(13,038)** | (13,090) | **(272)** | (278) | **0** | (3) | **0** | 0 | **(14,414)** | (14,492) |

The following is to be highlighted in the first half of 2015:

- better operating result in the "Concessions" segment due to be combined effect of: i) excellent results of the ADI segment, ii) revenues resulting from sports betting below expectations, also due to the higher payout, which came to 82.2%. The payout performance is within the normal fluctuation of the variable and it is however better than the average market performance. Lower revenue was also due to lower wagers, also due to some critical issues connected with a portion of the distribution network which reported non-operating gaming points; iii) lower revenue and margins generated by betting on virtual events, partly resulting from the aforesaid critical issues connected with the non-operating gaming points; iv) the performance of skill games below expectations in terms of revenue and margins, v) the positive effect connected with the Barcrest transaction;
- better operating results of the "Management of racetracks" segment, partly connected with the opening of the new racetrack "La Maura" in Milan, as well as the balance of remuneration for 2012 and 2013 years by MIPAAF.

### 4. Business combination

On 1 April 2015, SNAI S.p.A. ("SNAI") entered with Finscom S.r.l., in liquidation, ("Finscom") and the shareholders of Finscom, a Debt Restructuring Agreement, pursuant to Art. 67, par. 3, lett. d) of the Bankruptcy Law.
In execution of the aforesaid agreement, an extraordinary shareholders' meeting of Finscom was held on 8 April 2015. The meeting resolved on the following: (i) settlement of losses and re-establishment of Finscom's share capital (Euro 25,000.00), partly through the corresponding waive of some amounts receivable and partly through the increase of the share capital reserved to SNAI and SNAI Rete Italia S.r.l. (subject indicated by SNAI pursuant to the Debt Restructuring Agreement), as well as (ii) the revocation of the liquidation position of Finscom.
Following the waive by Finscom's shareholders to their right of subscribe the reserved share capital increase as per Art.2481-bis of the Italian Civil Code, SNAI subscribed and released the reserved share capital increase by offsetting the amounts receivable from Finscom with the entire principal (total amount of Euro 2,662,145.02). SNAI Rete Italia S.r.l. subscribed and released the reserved share capital increase through the payment in cash of Euro 2,363,438.09.
At the end of the aforesaid transactions, Finscom's share capital was now entirely held by the new shareholders SNAI and SNAI Rete Italia S.r.l., in the percentage of 52.97% and 47.03%, respectively.
On 20 June 2015, Finscom S.r.l. was no longer in liquidation, nor under the composition with creditors procedure.

The purchase cost, equal to Euro 5,025 thousand, therefore included a payment of Euro 2,363 thousand and a conversion of the SNAI receivables amounting to Euro 2,662 thousand.

Disbursement for acquisition:

| thousands of Euro | |
|---|---|
| Net liquidity acquired with the subsidiary | 2,279 |
| Payments already settled | (2,363) |
| | (84) |

The values stated at fair value of assets and liabilities acquired from Finscom S.r.l. are shown hereunder*:*

| thousands of Euro | **fair value** |
|---|---|
| Fixed assets | 86 |
| Shareholdings | 5 |
| Deferred tax assets | 18 |
| Other non-financial non-current assets | 66 |
| Inventories | 1 |
| Trade receivables | 329 |
| Other assets | 191 |
| Current financial assets | 111 |
| Cash on hand | 2,490 |
| **Total Assets** | **3,297** |
| | |
| Provisions and other liabilities | 3,383 |
| Trade payables | 1,738 |
| Current financial liabilities | 211 |
| **Total Liabilities** | **5,332** |
| **Net assets** | (2,035) |
| Goodwill resulting from the purchase | 7,060 |
| **Total purchase cost** | **5,025** |

The difference between the purchase price of the shareholding and the fair value of the above-mentioned acquired assets was accounted for as goodwill.
Starting from the purchase date, Finscom S.r.l. contributed to the Group net result with a loss of Euro 497 thousand. If the aggregation had occurred at the beginning of the year, the profit before taxes from operating assets would have been equal to a loss of Euro 2,088 thousand and the revenue resulting from the same assets would have amounted to Euro 370 thousand higher.
The recognised goodwill was attributed to expected synergies and other benefits potentially resulting from the aggregation of Finscom S.r.l. assets with Group assets.

**Notes on the main items of the consolidated comprehensive income statement**

The comparison between figures, which are always expressed in thousands of Euro, except when otherwise indicated, is made with the corresponding balances as at 30 June 2014.

**5. Revenues from sales and services**

The amount of revenues from sales of goods and services in the first half of 2015 is equal to Euro 254,225 thousand, down from Euro 263,298 thousand, and is detailed below:

| QII | | | Half-year I | | |
|---|---|---|---|---|---|
| **2015** | **2014** | **thousands of Euro** | **2015** | **2014** | **Change** |
| 24,130 | 26,146 | Net revenues from the collection of fixed-odds and reference sports and horse racing betting | 51,026 | 72,568 | (21,542) |
| 4,398 | 5,549 | Revenues from totalisator, national horse racing/sports forecast bets | 9,167 | 11,013 | (1,846) |
| 73,846 | 65,780 | Revenues from Gaming Machines | 149,091 | 130,689 | 18,402 |
| 4,334 | 4,751 | Net revenues from on-line games (Skill/Casino/Bingo) | 8,970 | 10,511 | (1,541) |
| 904 | 879 | Revenues from betting collection services | 1,949 | 1,847 | 102 |
| 8,535 | 10,343 | Revenues from virtual events | 17,649 | 22,121 | (4,472) |
| 750 | 748 | Revenues from virtual event services | 1,572 | 1,222 | 350 |
| 822 | 938 | Revenues from commissions | 1,658 | 1,935 | (277) |
| 0 | 0 | Revenues from third party on-line gaming services (GAD) | 0 | 8 | (8) |
| 1,179 | 1,258 | Revenues from service and assistance contracts | 2,362 | 2,541 | (179) |
| 3,213 | 1,267 | Revenues from the operation of betting services at racetracks | 4,012 | 2,140 | 1,872 |
| 359 | 345 | Operation of racetrack and real estate properties | 610 | 595 | 15 |
| 2,562 | 2,465 | Revenues from television services and related services | 4,865 | 4,777 | 88 |
| 47 | 193 | Revenues from organisation and technology sales | 81 | 474 | (393) |
| 690 | 381 | Other services and sales to third parties | 1,213 | 857 | 356 |
| **125,769** | **121,043** | **Total** | **254,225** | **263,298** | **(9,073)** |

Set forth below are details on the item "Net revenues from the collection of fixed-odds and reference sports and horse racing betting", indicating items stating winnings, refunds/reimbursements and taxes.

| QII | | | Half-year I | |
|---|---|---|---|---|
| **2015** | **2014** | **thousands of Euro** | **2015** | **2014** |
| 164,930 | 189,592 | Fixed-odds Sports Betting | 357,602 | 401,490 |
| (73) | (61) | Refunds of Fixed-odds Sports Betting | (287) | (303) |
| (135,034) | (156,913) | Winnings of Fixed-odds Sports Betting | (293,640) | (314,255) |
| (6,223) | (7,317) | Fixed-odds Sports Single Tax | (13,832) | (15,894) |
| **23,600** | **25,301** | **Net Fixed-odds Sports Betting** | **49,843** | **71,038** |
| 7,890 | 7,914 | Fixed-odds Horse Racing Bets and Reference Horse Racing Bets | 14,819 | 14,028 |
| (44) | (67) | Fixed-odds Horse Racing and Reference Horse Racing Winnings and Refunds | (80) | (99) |
| (6,345) | (6,011) | Fixed-odds Horse Racing and Reference Horse Racing Winnings and Refunds | (11,737) | (10,642) |
| (319) | (326) | Fixed-odds Horse Racing and Reference Horse Racing Single Tax | (598) | (578) |
| (652) | (665) | Horse Racing Withholding | (1,221) | (1,179) |
| **530** | **845** | **Net Fixed-odds and Reference Horse Racing Betting** | **1,183** | **1,530** |
| **24,130** | **26,146** | **Total net revenues from fixed-odds and reference betting** | **51,026** | **72,568** |

Net revenues from sports betting decreased, compared to amounts reported in the first half of the previous year, due to higher payout and lower wagers, also according to a certain number of gaming point that are currently closed given the financial position of the management company. In the first half of 2015, the pay-out on sports betting amounted to approximately 82.2% compared to 78.3% in the first half of the previous year.
Revenues from totalisator, national horse racing and sports forecast bets decreased due to the continued crisis in the horse racing sector.

Revenue from concessions for the management of the network of entertainment machines (ADI) amounted to a total of Euro 149,091 thousand in the first half of 2015, which is stated inclusive of the compensation granted by contract to the manager or operator. Such costs are explained under the item “Costs of third-party services and leasing/rental expenses” in Note 8. It should be recalled that the concession holders are required to pay to ADM (pursuant to the Law Decree no. 95 of 6 July 2012. Since 1 December 2012, the Customs incorporated the AAMS office, thus becoming ADM, Agenzia delle Dogane e dei Monopoli (Customs and Monopoly Agency), an amount equal to 0.50% of the wagers played on each of the gaming devices connected to the electronic network as a guarantee deposit, to secure the achievement of the pre-established service levels. The balance sheet shows the amount of Euro 7,374 thousand paid for the “Entertainment machine guarantee deposit” in the first half of 2015 (see Note 21).
The guarantee deposit is refunded to the concessionaires each year once it has been verified that the agreed service levels have been achieved. The Company SNAI, based on the assumed information and internal checks performed, considers that the service levels achieved in the current period are sufficient to allow the guarantee deposit to be refunded.

The following table shows the breakdown of the item “Net revenues from on-line games (Skill/Casino/Bingo)”:

| QII | | | Half-year I | |
|---|---|---|---|---|
| **2015** | **2014** | **thousands of Euro** | **2015** | **2014** |
| 164,759 | 178,579 | On-line Skill and Casino Games | 348,257 | 391,502 |
| (159,092) | (172,360) | Winnings | (336,510) | (377,729) |
| (1,333) | (1,468) | Single Tax | (2,777) | (3,262) |
| **4,334** | **4,751** | **Net revenues from on-line games (Skill/Casino/Bingo)** | **8,970** | **10,511** |

The item “Revenues from television services and related services” includes mainly revenues deriving from the agreement entered into by the subsidiary Teleippica S.r.l. with MIPAAF for the television broadcasting of horse races at the points of acceptance of horse racing betting.

### 6. Other revenue and income

The other revenue and income item, equal to Euro 28,586 thousand in the first half of 2015 (Euro 393 thousand in the first half of 2014) breaks down as follows:

| QII | | | Half-year I | | |
|---|---|---|---|---|---|
| **2015** | **2014** | **thousands of Euro** | **2015** | **2014** | **Change** |
| 38 | 43 | Rental of assets and chargeback expense | 79 | 89 | (10) |
| 658 | 0 | Active trading | 28,132 | 15 | 28,117 |
| 2 | 21 | Revenue from compensation and reimbursement for damages | 3 | 51 | (48) |
| 14 | 14 | Contributions to MIPAAF investment fund | 27 | 27 | 0 |
| 25 | 27 | Capital gain from the sale of assets | 40 | 31 | 9 |
| 182 | 105 | Other revenue and income | 305 | 180 | 125 |
| **919** | **210** | **Total** | **28,586** | **393** | **28,193** |

Active trading, amounting to Euro 28,132 thousand, are primarily related, in the amount of Euro 27,457 thousand, to the transaction, finalised on 19 February 2015, between SNAI, on the one part, and Barcrest Group Limited and The Global Draw Limited, on the other part, with their subsidiary Scientific Games Corporation, to settle a number of pending issues between the parties following the well-known events occurred in April 2012. SNAI waived the actions in the Roman case that, at the same date, following the joint request submitted by the parties, was declared cancelled, with legal expenses offset, and reached an agreement with the above companies on pending cases and the payment of damages and costs already borne, including some guarantees on the cases themselves.

### 7. Raw materials and consumables

The cost of raw materials and consumables amounted to a total of Euro 301 thousand in the first half of 2015 (Euro 636 thousand in the first half of 2014), mainly related to materials used in bet collection, technology and the furnishings installed in the new sales points.

### 8. Costs for services and use of third party assets

Costs of third-party services and leasing/rental expenses amounted to a total of Euro 181.702 thousand in the first half of 2015 (Euro 178,589 thousand in the first half of 2014), as broken down below:

| QII | | | Half-year I | | |
|---|---|---|---|---|---|
| 2015 | 2014 | thousands of Euro | 2015 | 2014 | Change |
| 14,924 | 19,518 | Betting acceptance management | 32,310 | 40,515 | (8,205) |
| 56,609 | 48,317 | Gaming Machine services | 113,347 | 95,961 | 17,386 |
| 1,077 | 1,157 | On-line games management (Skill/Casino/Bingo) | 2,185 | 2,477 | (292) |
| 425 | 472 | Bookmakers | 893 | 952 | (59) |
| 1,237 | 1,460 | On-line gaming services | 2,630 | 3,355 | (725) |
| 3,527 | 5,453 | Virtual races management costs | 7,372 | 10,983 | (3,611) |
| 437 | 310 | Management of Racetracks | 575 | 458 | 117 |
| 1,939 | 1,923 | Television and radio services | 3,816 | 3,797 | 19 |
| 96 | 90 | Rent of stations | 192 | 192 | 0 |
| 2,002 | 1,012 | Consultancy cost and expense reimbursements | 3,992 | 2,019 | 1,973 |
| 1,722 | 1,778 | Utilities and telephone | 3,539 | 3,617 | (78) |
| 2,011 | 1,985 | Equipment repair and maintenance | 3,981 | 4,192 | (211) |
| 822 | 2,343 | Advertising and promotion | 1,402 | 3,807 | (2,405) |
| 201 | 383 | Installations, logistics and design | 374 | 704 | (330) |
| 61 | 139 | Personnel costs for collaborations and other | 199 | 200 | (1) |
| 361 | 390 | Insurance and guarantees | 730 | 759 | (29) |
| 66 | 147 | Market research | 121 | 253 | (132) |
| 210 | 127 | Marketing materials | 375 | 267 | 108 |
| 305 | 214 | Rental fees and additional charges | 505 | 406 | 99 |
| 295 | 252 | Operating leases and other leasing | 570 | 483 | 87 |
| 156 | 547 | Directors’ fees | 665 | 1,062 | (397) |
| 289 | 245 | Independent Auditors’ fees | 400 | 368 | 32 |
| 53 | 62 | Statutory Auditors’ fees | 110 | 123 | (13) |
| 45 | 37 | Regulation authority and other committees fees | 90 | 77 | 13 |
| 3 | 20 | Expense reimbursement to directors and auditors | 9 | 27 | (18) |
| 668 | 878 | Other | 1,320 | 1,535 | (215) |
| **89,541** | **89,259** | **Total** | **181,702** | **178,589** | **3,113** |

In particular, the table shows:

- the betting sports and horse race betting collection service fees granted to the managers of horse race and sports stores and betting corners decreased from Euro 40,515 thousand in the first half of 2014 to Euro 32,310 thousand in the first half of 2015. The decrease is related to lower wagers on sports and horseracing bets in the physical network for the reasons shown in the above-mentioned Note 5;
- costs for ADI services (totalling Euro 113,347 thousand compared to Euro 95,961 thousand in the first half of 2014) comprise fees paid to third party operators charged of gaming collection and running costs for VLT platforms;
- virtual events management costs ( Euro 7,372 thousand compared to Euro 10,983 thousand in the first half of 2014), including costs related to both operator and platform. The decrease is due to lower wagers.

The “Other” item mainly comprises no-competition agreement, IT services, surveillance and security services for the transportation of money and valuables, cleaning services, postal and shipping expenses, waste disposal and running costs of company vehicles.

**9. Costs of personnel**

The costs of personnel reached a total of Euro 19,756 thousand in the first half of 2015, as compared to Euro 18,353 thousand in the first half of 2014, an increase of Euro 1,403 thousand (7,6%) mainly due to the increase in wages and salaries and the hiring the key personnel in the core business structures.

| QII | | | Half-year I | | |
|---|---|---|---|---|---|
| 2015 | 2014 | thousands of Euro | 2015 | 2014 | Change |
| 6,992 | 6,586 | Salaries and wages | 13,578 | 12,672 | 906 |
| 2,340 | 2,003 | Social security expenses | 4,313 | 3,829 | 484 |
| 402 | 362 | Accrual to defined-benefit/defined-contribution plans | 781 | 719 | 62 |
| 11 | 24 | Costs for personnel training | 24 | 42 | (18) |
| 162 | 194 | Expense reimbursement to employees | 289 | 385 | (96) |

| | | | | | |
|---|---|---|---|---|---|
| 212 | 206 | Meal tickets | 421 | 388 | 33 |
| 273 | 152 | Other costs of personnel | 350 | 318 | 32 |
| **10,392** | **9,527** | **Total** | **19,756** | **18,353** | **1,403** |

The item "Accrual to defined-benefit/defined-contribution plans" also includes the impact on the income statement resulting from the valuation of the post-employment benefits in accordance with IAS 19.

The composition of the employees as at 30 June 2015 is illustrated by the following table, which shows an increase of 102 individuals relative to 31 December 2014, mainly due to implementation of the Parent Company's core business structures, as well as to the acquisition of the company Finscom S.r.l. and the newly incorporated SNAI Rete Italia S.r.l..

| **30.06.2014** | | | **31.12.2014** | | **Business combination** | **Accruals for the period** | **Disbursements for the period** | **30.06.2015** | | **Average no. in period** |
|---|---|---|---|---|---|---|---|---|---|---|
| 23 | | Executives | 27 | | | 0 | 1 | 26 | | 26 |
| 632 | | Office workers and middle managers | 598 | | 30 | 103 | 28 | 703 | | 649 |
| 67 | | Blue-collar workers | 65 | | | 0 | 2 | 63 | | 64 |
| 722 | * | Total Employees | 690 | ** | 30 | 103 | 31 | 792 | *** | 739 |

* of whom 146 part-time and 31 on maternity leave

** of whom 107 part-time and 22 on maternity leave

*** of whom 188 part-time and 23 on maternity leave

### 10. Other operating costs

Other operating costs amounted to a total of Euro 19,475 thousand in the first half of 2015 (Euro 13,486 thousand in the first half of 2014).

| **QII** | | | **Half-year I** | | |
|---|---|---|---|---|---|
| **2015** | **2014** | **thousands of Euro** | **2015** | **2014** | **Change** |
| 3,908 | 3,196 | Concessions and licenses | 7,796 | 7,464 | 332 |
| 1,481 | 0 | Stability Law cost | 2,949 | | 2,949 |
| 24 | 177 | Administration fines | 55 | 323 | (268) |
| 1,347 | 1,622 | % non-deductible VAT | 2,306 | 2,997 | (691) |
| 2,307 | 986 | Provision for doubtful receivables | 3,359 | 2,027 | 1,332 |
| 421 | 115 | Credit losses | 552 | 387 | 165 |
| 0 | (2,591) | Release of provision for technological upgrading | 0 | (2,591) | 2,591 |
| 80 | 112 | Provision for risks | 159 | 222 | (63) |
| 34 | 31 | Entertainment expenses | 45 | 62 | (17) |
| 56 | 76 | Subscription fees | 103 | 145 | (42) |
| 129 | 174 | Other taxes | 266 | 350 | (84) |
| 265 | 317 | IMU (real estate tax) | 530 | 632 | (102) |
| 62 | 105 | Stationery, consumables and promotional materials | 75 | 162 | (87) |
| 39 | 31 | Environmental and health controls | 67 | 54 | 13 |
| 903 | 27 | Losses on settlement of disputes | 989 | 142 | 847 |
| 7 | 220 | Capital losses from sale of assets | 49 | 940 | (891) |
| 74 | 71 | Other administration and operating costs | 175 | 170 | 5 |
| **11,137** | **4,669** | **Total** | **19,475** | **13,486** | **5,989** |

The concessions and licenses item includes, among other things:

- the concession fee for the legal gaming on gaming machines of Euro 4,424 thousand, calculated at 0.30% of the volume wagered and paid to ADM on a bimonthly basis;
- the marketing of public gaming concessions on the rights awarded through the call for tenders in 2006 ("Bersani rights") and the rights awarded through the call for tenders in 2008 ("Giorgetti rights"), and the rights awarded through the call for tenders in 2012 ("Monti rights"), in the amount of Euro 2,806 thousand;

- the concession fee for remote public gaming, in the amount of Euro 300 thousand.
- the television licence fees in the amount of Euro 176 thousand.

The item Costs for stability law, amounting to Euro 2,949 thousand, is related to costs, pertaining to SNAI for the first half of 2015, as envisaged by the Stability Law, approved by the Parliament at the end of December 2014, which, amongst other, outlined that the total amount of Euro 500 million be charged to the distribution segment of gaming machines (both AWP and VLT). This amount is apportioned according to the number of machines referable to each single concession holder, as quantified by a decree issued by ADM on 15 January 2015. Based on this decree, the amount related to the distribution segment for gaming machines related to SNAI was equal to Euro 37,792 thousand. The most relevant portion of this amount, around Euro 30 million, was charged to the distribution segment (for further detail see Notes 20, 21 and 30).

In the first half of 2015, an allocation was set aside to the Provision for doubtful debts, in the amount of Euro 3,359 thousand in order to align, with their recoverable value, receivables that arose in prior fiscal years in connection with the Group's core business operations and which showed, over the course of the year, growing difficulties with regard to their collection.

In the first half of 2015, an allocation was set aside to the Provision for risks for technological upgrading, in the amount of Euro 159 thousand, as provided for by the concession agreement for the building and running of networks for the online management of legal gaming via entertainment and amusement machines, in accordance with Art. 110, par. 6, of the T.U.L.P.S. [Consolidated Text of Public Safety Laws], as per the Royal Decree no. 773 of 18 June 1931 and following amendments and supplements, as well as related activities and functions.
The "% non-deductible VAT", equal to Euro 2,306 thousand, relates to particular operations performed by SNAI S.p.A., by Trenno S.r.l. and by Finscom S.r.l., which generate, in part, the revenues subject to VAT taxation and in part revenues exempt from VAT, with consequent impact on the non-deductibility of VAT on purchases.
The companies SNAI S.p.A., and Società Trenno S.r.l. have opted for separate activity for VAT purposes, which means that, for purchases related to activities that generate taxable transactions, the VAT is deductible, while the VAT on purchases that generate exempt transactions it is entirely non-deductible.
As regards the VAT on goods and services used promiscuously by all of the business operations, the VAT is deducted subject to the limits of the portion attributable to the operations which produce taxable revenues to which it refers; therefore the cost of non-deductible VAT has been calculated using specific allocation criteria.

**11. Capitalised internal construction costs**

Capitalised internal construction costs, amounting to a total of Euro 450 thousand in the first half of 2015 (Euro 450 thousand in the first half of 2014) are essentially related to software generated internally for:

- IT systems and networking solutions supporting the Business lines;
- centralized systems and peripheral terminals for the acceptance of bets, the sale of services, the distribution of information to Operators, the display of information, the management of both the sales point and gaming machines (AWPs and VLTs).
- centralized systems for the management of contacts with ADM for all product lines under concession;
- management systems and consoles for betting and risks on sales;
- centralized systems, gaming interfaces and integration protocols for on-line wagers.

**12. Amortisation, depreciation and write-downs**

These amount to a total of Euro 28,618 thousand for the first half of 2015 (Euro 29,302 thousand in the first half of 2014), as detailed below:

| QII | | | Half-year I | | |
|---|---|---|---|---|---|
| **2015** | **2014** | **thousands of Euro** | **2015** | **2014** | **Change** |
| 10,055 | 9,935 | Amortisation of intangible assets | 20,041 | 20,042 | (1) |
| 4,212 | 4,398 | Depreciation of property, plant and equipment | 8,430 | 9,011 | (581) |
| 147 | 159 | Write-downs | 147 | 249 | (102) |
| **14,414** | **14,492** | **Total** | **28,618** | **29,302** | **(684)** |

Further information regarding the above is provided in the Notes 15 and 16, "Property, plant and equipment" and "Intangible assets".

**13. Financial income and expenses**

In the first half of 2015, net financial expenses amounted to Euro 27,525 thousand, up by Euro 3,098 thousand over the first half of 2014, as detailed below:

| QII | | | Half-year I | | |
|---|---|---|---|---|---|
| 2015 | 2014 | thousands of Euro | 2015 | 2014 | Change |
| | | **Gains and expenses from shareholdings** | | | |
| 121 | (15) | Write-up/(write-down) Alfea S.p.A. | 121 | (4) | 125 |
| (26) | (436) | Write-up/(write-down) Hippogroup Roma Capannelle S.p.A. | (26) | (436) | 410 |
| (40) | 0 | Write-up/(write-down) Solar S.A. | (40) | 0 | (40) |
| 0 | (4) | Write-up/(write-down) shareholding in Connext S.r.l. | 0 | (4) | 4 |
| **55** | **(455)** | | **55** | **(444)** | **499** |
| | | **Financial income** | | | |
| 4 | 0 | Gains on foreign exchange | 4 | 1 | 3 |
| 273 | 330 | Bank interest income | 570 | 602 | (32) |
| 51 | 80 | Misc. interest income | 92 | 155 | (63) |
| **328** | **410** | | **666** | **758** | **(92)** |
| | | **Financial expenses** | | | |
| 0 | 0 | Interest expense on loans | 0 | 0 | 0 |
| 12,228 | 12,896 | Interest expense on bond loan | 24,437 | 25,255 | (818) |
| 48 | 77 | Other interest expense | 96 | 162 | (66) |
| 1 | 0 | Bank interest expense | 1 | 0 | 1 |
| 7 | 2 | Exchange rate losses | 19 | 4 | 15 |
| 82 | 939 | Interest expense and ancillary charges on leasing | 137 | 1,856 | (1,719) |
| 16 | 30 | Interest expense on post-employment benefits | 30 | 60 | (30) |
| 1,720 | 1,756 | Other financial expenses | 3,526 | 3,600 | (74) |
| **14,102** | **15,700** | | **28,246** | **30,937** | **(2,691)** |
| **(13,719)** | **(15,745)** | **Total** | **(27,525)** | **(30,623)** | **3,098** |

Financial income includes interest income accrued on bank accounts in the amount of Euro 570 thousand and other interest income for Euro 92 thousand mainly related to interest borne on the extended terms of payment granted on trade receivables.

Financial expenses include the following:

- expenses calculated in accordance with the depreciated cost method under IAS 39 by applying the effective interest rate on loans amounting to Euro 24,437 thousand of which Euro 1,872 thousand can be attributed to ancillary costs. These amounts are related to bond loans issued on 8 November 2013 (fully repaid on 5 May 2015) and 4 December 2013, and amounting to Euro 480,000 thousand (for further details on bond loans reference is made to Note 28);
- interest expense calculated on financial leasing in the amount of Euro 84 thousand and ancillary charges on leasing for Euro 53 thousand, including non-deductible VAT;
- other financial expenses, including Euro 1,465 thousand of release of the portion pertaining of the cash flow hedge reserve related to hedge derivatives existing in 2013, Euro 1,184 thousand of commissions on bank guarantees, Euro 289 thousand of commissions payable on revolving loans and Euro 505 thousand of bank charges.

**14. Income tax**

Current income taxes, inclusive of IRES tax and IRAP tax of the subsidiaries consolidated on a line by line basis, as well as the deferred tax assets and liabilities recorded in the first half of 2015, show a negative balance of Euro 5,623 thousand.

| QII | | | Half-year I | |
|---|---|---|---|---|
| 2015 | 2014 | thousands of Euro | 2015 | 2014 |
| (415) | (1,236) | IRES | 183 | 0 |
| 82 | 39 | IRAP | 1,651 | 1,254 |
| 1,297 | 892 | Allocation to provision for deferred tax liabilities | 2,612 | 2,191 |
| (42) | (243) | Use of provision for deferred tax liabilities | (89) | (365) |
| (415) | (4,742) | Deferred tax assets | (777) | (6,218) |
| (1,692) | 2,000 | Reversal of deferred tax assets | 2,107 | 2,813 |
| (64) | 1 | IRES/IRAP for prior years | (64) | 1 |
| **(1,249)** | **(3,289)** | **Total** | **5,623** | **(324)** |

The table below shows the reconciliation between the IRES and IRAP tax charge resulting from the condensed interim financial statements at 30 June 2015 and the theoretical tax charge (in thousands of Euro):

| | | **Half-year I 2015** | | **Half-year I 2014** |
|---|---|---|---|---|
| Profit before tax | | 5,957 | | (7,296) |
| Theoretical IRES tax charge | *27.50%* | (1,638) | *27.50%* | 2,006 |
| Theoretical IRAP tax charge | *5.12%* | (305) | *4.72%* | 344 |
| **Total Theoretical tax (charge)/credit** | | **(1,943)** | | **2,351** |
| Fines, penalties and other taxes | | (130) | | (228) |
| Other permanent non-deductible costs | | (2,350) | | (178) |
| Other permanent tax deductions | | 528 | | 183 |
| | | **(3,895)** | | **2,128** |
| Permanent differences for IRAP tax purposes (including employees) | | (1,792) | | (1,803) |
| | | **(5,687)** | | **325** |
| Tax and duties for prior year | | 64 | | (1) |
| **Actual tax (charge)/credit** | *-94.39%* | **(5,623)** | *-4.44%* | **324** |

For further details on the effects deriving from the tax burden and the tax consolidation regime, reference is made to Note 18 “Deferred tax assets and deferred tax liabilities” of these explanatory notes.
The last year finalised for tax purposes was the year 2009.

Reference is made to paragraph 29 for further details on tax disputes.

**Notes to the main items of the consolidated balance sheet**

The comparison between figures, which are always expressed in thousands of Euro, except when otherwise indicated, is made with the corresponding balances as at 31 December 2014.

**15. Property, plant and equipment**

Property, plant and equipment as at 30 June 2015 amounted to Euro 141,875 thousand (Euro 143,924 thousand). The change over the period is due to the combined effect of the depreciation charge for the period (Euro 8,430 thousand), investments (Euro 6,517 thousand), business combination, less accumulated depreciation (Euro 86 thousand), impairment write-downs (Euro 147 thousand) and disposals, less accumulated depreciation (Euro 75 thousand).

| In thousands of Euro | Land and buildings | Plant and equipment | Industrial and commercial equipment | Other assets | Assets under construction and advances | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| **Balance as at 31 December 2014** | **142,493** | **170,250** | **7,347** | **22,347** | **789** | **343,226** |
| Business combination | | 1,523 | 108 | 1,055 | | 2,686 |
| Reclassification | 109 | 548 | 0 | 117 | (774) | 0 |
| Other increases | 3,819 | 2,408 | 23 | 217 | 50 | 6,517 |
| Decreases | 0 | (283) | 0 | (453) | 0 | (736) |
| **Balance as at 30 June 2015** | **146,421** | **174,446** | **7,478** | **23,283** | **65** | **351,693** |
| **Amortisation and impairment losses** | | | | | | |
| **Balance as at 31 December 2014** | **36,938** | **140,960** | **6,954** | **14,450** | **0** | **199,302** |
| Business combination | | 1,499 | 107 | 994 | | 2,600 |
| Depreciation for the period | 1,544 | 5,696 | 55 | 1,135 | | 8,430 |
| Write-downs | 0 | 147 | | 0 | | 147 |
| Disposals | 0 | (256) | 0 | (405) | | (661) |
| Reclassification | 0 | 0 | 0 | 0 | 0 | 0 |
| **Balance as at 30 June 2015** | **38,482** | **148,046** | **7,116** | **16,174** | **0** | **209,818** |
| **Carrying amounts** | | | | | | |
| As at 31 December 2014 | 105,555 | 29,290 | 393 | 7,897 | 789 | 143,924 |
| As at 30 June 2015 | 107,939 | 26,400 | 362 | 7,109 | 65 | 141,875 |

"Plant and equipment" includes electricity, water, fire prevention and air conditioning systems, as well as work carried out for the compliance thereof to safety regulations, electronic machinery, and technology for connection to the network of the central systems.

The increases as at 30 June 2015, in the amount of Euro 6,517 thousand, mainly related to:

- the Land and Buildings item, in the amount of Euro 3,819 thousand, as follows: Euro 3,072 thousand the New Racetrack of Milan (Ippodromo della Maura), Euro 734 thousand primarily related to consolidation and improvement to the structures at the Ippodromo del Galoppo [Milan gallop racetrack], Euro 13 thousand related to works on the building of the registered office;
- "Plant and equipment", in the amount of Euro 2,408 thousand, related for Euro 404 thousand to technology loaned free of charge to the sales points, for Euro 1,027 thousand to electro-thermal and electric plant (of which Euro 900 thousand for the new Racetrack in Milan-Ippodromo della Maura), for Euro 272 thousand to hardware and interconnection network for the sales points, for Euro 146 thousand to radio links, Euro 2 thousand to broadcasting, synchronism and control equipment, for Euro 233 thousand to implementation of a directing plant of Teleippica S.r.l., for Euro 48 thousand to plant projection machines and for Euro 276 thousand to purchases of instrumental goods (servers, printers, PCs and monitors) and other plant and equipment necessary for the conduct of the various business operations of the Group companies;
- "Industrial and commercial equipment", totalling Euro 23 thousand, including: Euro 18 thousand for the purchase of the horse walker for the new racetrack in Milan (Ippodromo della Maura); Euro 5 thousand related to sundry assets;
- "Other assets", in the amount of Euro 217 thousand, related for Euro 95 thousand to furnishing and fittings provided free of charge to sales points and betting shops managed directly by the Group, for Euro 61 thousand to head office furnishings and fittings (of which Euro 10 thousand for the statue at the entrance of the New Racetrack in Ippodromo

della Maura, in Milan), for Euro 35 thousand to furnishings and fittings to the "La Maura" betting shop, for Euro 13 thousand to motor vehicles and other assets and for Euro 13 thousand to sundry assets;

- "Assets in progress", amounting to Euro 50 thousand related to the restructuring project of the horse trot area.

  No financial expenses have been capitalized in property, plant and equipment, since the Group does not have qualifying assets, as defined under IAS 23.

Leasing

The Group has entered into leasing contracts for the use of certain plant, machinery and equipment which will expire at various points between now and 30 April 2018. These agreements include redemption and/or extension clauses.
The real estate property in Porcari, which is included among land and buildings, is subject to a financial lease with the company Ing Lease Italia S.p.A., for a historic cost of Euro 3,500 thousand, of which Euro 382 thousand relates to land and an amortization provision, as at 30 June 2015, of Euro 1,028 thousand.

The following table shows the minimum future instalments of the financial leasing contracts:

| thousands of Euro | **Total** |
|---|---|
| Total amounts as at 30.06.2015 | 838 |
| of which | |
| Payments falling due within 12 months | 678 |
| Payments falling due between 1 to 5 years | 160 |
| Payments falling due after 5 years | - |
| Redemption | 707 |

The remaining instalments due for operating leases do not present significant amounts.

**16. Intangible assets**

Intangible assets as at 30 June 2015 amounted to Euro 322,991 thousand (Euro 334,388 thousand). The change over the period is due to the combined effect of amortisation for the period for Euro 20,041 thousand, net disposals for Euro 18 thousand, investments, amounting to Euro 1,602 thousand and business combination, less accumulated amortisation, amounting to Euro 7,060 thousand.

| thousands of Euro | **Goodwill** | **Concessions, licenses, trademarks and similar rights** | **Industrial patent rights and use of intellectual property** | **Other** | **Assets in progress and advances** | **Total** |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| **Balance as at 31 December 2014** | **231,605** | **256,789** | **16,430** | **19,894** | **375** | **525,093** |
| Business combination | 7,060 | | 10 | **0** | | 7,070 |
| Reclassification | | 196 | 0 | 26 | (222) | 0 |
| Other increases | | 380 | 237 | 413 | 572 | 1,602 |
| Decreases | 0 | 0 | 0 | (43) | 0 | (43) |
| **Balance as at 30 June 2015** | **238,665** | **257,365** | **16,677** | **20,290** | **725** | **533,722** |
| **Amortisation and impairment losses** | | | | | | |
| **Balance as at 31 December 2014** | **74** | **164,348** | **12,956** | **13,327** | **0** | **190,705** |
| Business combination | **0** | | **10** | **0** | | 10 |
| Depreciation for the period | | 17,928 | 635 | 1,478 | | 20,041 |
| Write-downs | | 0 | 0 | 0 | | 0 |
| Disposals | | 0 | 0 | (25) | | (25) |
| Reclassification | | 0 | 0 | 0 | | 0 |
| **Balance as at 30 June 2015** | **74** | **182,276** | **13,601** | **14,780** | **0** | **210,731** |
| **Carrying amounts** | | | | | | |
| As at 31 December 2014 | 231,531 | 92,441 | 3,474 | 6,567 | 375 | 334,388 |
| As at 30 June 2015 | 238,591 | 75,089 | 3,076 | 5,510 | 725 | 322,991 |

Investments of Euro 1,602 thousand mainly concern:

- "Concessions, licences, trademarks and similar rights", amounting to Euro 380 thousand, related to the issue of gaming machine (AWPs) authorisation;
- “Industrial patents and intellectual property rights”, amounting to Euro 237 thousand, of which Euro 115 thousand for CRM licenses, games management and reporting and Euro 122 thousand for licences related to the management of the SNAI portal;
- “Other”, for Euro 413 thousand, of which Euro 32 thousand for the implementation of software programmes for betting management, Euro 127 thousand for the implementation of management software programmes, Euro 201 thousand for AWP game cards to update the gaming machines, Euro 43 thousand for the implementation of SNAI.IT portal, Euro 8 thousand for the for operating programmes for administration, finance and control and Euro 2 thousand for the new functions of the Comsy system;
- “Assets in progress and advances”, amounting to Euro 572 thousand, of which: Euro 122 thousand for the issuing of the gaming machine (AWPs) authorisation. and Euro 450 thousand for software, developed in-house and still incomplete;

No financial expenses have been capitalized in property, plant and equipment, since the Group does not have qualifying assets, as defined under IAS 23.

Goodwill amounts to Euro 238,591 thousand, and is allocated to the following cash generating units (CGU):

- Euro 227,011 thousand to the “Concessions” GCU, of which Euro 219,241 thousand generated through acquisition of the concessions business units as from 16 March 2006 and Euro 710 thousand generated by the business combination for the acquisition of the shareholding in Agenzia Ippica Monteverde S.r.l. (now merged into SNAI S.p.A.) and Euro 7,060 thousand generated from the combination for the purchase of Finscom S.r.l.. This CGU is represented by the business related to the horse racing and sports betting concessions, to the concession for the management and operation of the network for the on-line management of legal gaming machines and the related assets and functions (slot machines - AWP and video-lottery - VLT) and activities related to skill, bingo and casino games;
- Euro 11,137 thousand to the “Betting Services” CGU, contributed by SNAI Servizi Spazio Gioco S.r.l., merged into SNAI S.p.A. in 2002, consisting of the operations connected with the on-line services supplied to betting acceptance points;
- Euro 443 thousand contributed by Teleippica S.r.l. and referring to the Television Services CGU, consisting in the operations related to television services.

In accordance with international accounting standards, and in particular by IAS 36, goodwill is subjected to impairment testing on an annual basis, as at 31 December each year, or more frequently in the presence of indication of possible permanent losses in value.
If the test shows a loss of value, the Group recognises a write-down on the balance sheet.
No events or changes occurred during the first half of 2015 which might have required impairment testing on goodwill.

**17. Shareholdings**

The Group’s shareholdings are set forth in the following table.

| | **Value in accounting statement as at** | **Value in accounting statement as at** | **Percentage held** | |
|---|---|---|---|---|
| thousands of Euro | **30.06.2015** | **31.12.2014** | **30.06.2015** | **31.12.2014** |
| ***Affiliates and subsidiaries that are not fully consolidated*** | | | | |
| - Hippogroup Roma Capannelle S.p.A. | 1,033 | 1,059 | 27.78 | 27.78 |
| - Alfea S.p.A. | 1,377 | 1,256 | 30.70 | 30.70 |
| - Connext S.r.l. in liquidation | 0 | 0 | 25 | 25 |
| - Solar S.A. | 0 | 3 | 30 | 30 |
| - C.G.S. Consorzio Gestione Servizi in liquidation | 0 | 0 | 50 | 0 |
| - Teseo S.r.l. in liquidation | 0 | 0 | 100 | 100 |
| **Total shareholdings measured using the equity method** | **2,410** | **2,318** | | |
| ***Other*** | | | | |
| - Lexorfin S.r.l. | 46 | 46 | 2.44 | 2.44 |
| **Total shareholdings in other companies** | **46** | **46** | | |

On 4 February 2015, the shareholders' meeting of Connext S.r.l. resolved to wind up the company.

On 8 April 2015, the company Finscom S.r.l was acquired. This company owns 50% of the consortium Consorzio Gestione Servizi in liquidation

The composition of the whole group, and the consolidation methods used, are set forth in Schedule 1.

**18. Deferred tax assets and deferred tax liabilities**

The aggregate amount of the temporary differences and tax losses carried forward are set forth in the following tables, together with the theoretical amount of deferred tax assets and liabilities, and the amounts in the consolidated accounts. The Group reported deferred tax assets and deferred tax liabilities equal to a net amount of deferred tax assets of Euro 17,167 thousand (the net amount of deferred tax assets, as at 31 December 2014, amounted to Euro 21,411 thousand).

| Temporary differences | Amount | Rate | Tax impact | Advances posted | Period of reversal |
|---|---|---|---|---|---|
| Taxed provision for doubtful receivables | 56,391 | 27.50% | 15,508 | 15,508 | 2015 and following |
| Provision for risks | 7,909 | 27.50% - 32.62% | 2,561 | 2,561 | 2015 and following |
| Provision for inventory depreciation | 204 | 27.50% - 32.62% | 65 | 65 | 2015 and following |
| Difference between the carrying amount and the fiscal value of property, plant and equipment and intangible assets | 2,226 | 27.50% - 32.62% | 666 | 666 | 2015 and following |
| Interest Rate Swap | 1,465 | 27.50% | 403 | 403 | 2015 and following |
| Interest expense not deducted as per art. 96 of Tuir | 94,902 | 27.50% | 26,098 | 19,945 | 2015 and following |
| Other temporary differences | 1,415 | 27.50% | 389 | 389 | 2015 and following |
| **Total** | **164,512** | | **45,690** | **39,537** | |

| Total Tax loss that can be carried forward | Amount | Rate | Tax impact | Gains posted | Usable before |
|---|---|---|---|---|---|
| SNAI S.p.A.: | | | | | |
| Year 2008 | 14,984 | 27.50% | 4,121 | 4,121 | eligible for being carried forward indefinitely |
| Year 2009 | 10,200 | 27.50% | 2,805 | 2,805 | eligible for being carried forward indefinitely |
| Year 2010 | 29,060 | 27.50% | 7,992 | 7,992 | eligible for being carried forward indefinitely |
| Year 2011 | 27,186 | 27.50% | 7,476 | 7,476 | eligible for being carried forward indefinitely |
| Year 2012 | 34,422 | 27.50% | 9,466 | 9,466 | eligible for being carried forward indefinitely |
| Year 2013 | 75,454 | 27.50% | 20,750 | 3,425 | eligible for being carried forward indefinitely |
| Year 2014 | 12,587 | 27.50% | 3,461 | 3,461 | eligible for being carried forward indefinitely |
| **Total prior losses** | **203,893** | | **56,071** | **38,746** | |
| **Total Deferred tax assets** | | | | **78,283** | |

The changes in deferred tax assets:

| | 31.12.2014 | allocations set aside | uses | 30.06.2015 |
|---|---|---|---|---|
| Deferred tax assets | 80,004 | 794 | (2,515) | 78,283 |

As at 30 June 2015, the Directors of SNAI S.p.A. confirmed the assessment of recoverability of the deferred tax assets generated by the temporary differences between the carrying amount and fiscal values of the relevant assets/liabilities, as well as the tax loss resulting from the national tax consolidation scheme, except for what has been specified.
The above-mentioned recoverability is based on the predictions of future positive results in the business plans.
It should be noted that Euro 2,910 thousand of deferred tax assets have been used - with a tax impact of Euro 800 thousand - due to the use in the half year of previous tax loss, up to 80% of the IREX taxable income for the reporting period (the total tax credit on residual tax loss now amounts to Euro 35, 128).
It should be also noted that, on the tax loss resulting from tax consolidation for 2013, recognised deferred tax assets amounted to Euro 3,425 thousand against recordable benefits of Euro 20,750 thousand. In fact, regardless of the fact that the Inland Revenue Office accepted the request filed by the Parent Company on the deductibility, for IRES tax purposes, of amounts paid to settle the dispute with ADM at the Court of Auditors, equal to Euro 63,000 thousand, the Company's Directors deemed advisable not to record this amount as deferred tax assets.
That having been said, the total receivables on tax losses amounted to Euro 38,746 thousand, while the tax benefit on off-balance sheet prior losses amounted to Euro 17,325 thousand.
It should be also noted that, as regards retained interest expense as per Art. 96 of the Presidential Decree 917/1986, accrued in 2014, deferred tax assets, equal to Euro 2,708 thousand, were recognised, against benefits amounting to Euro 6,808 thousand. No deferred tax assets were recognised on retained interest expense accrued during the year under evaluation, against benefits amounting to Euro 2,053 thousand.

With reference to deferred tax assets, the “difference between the carrying amount and the fiscal value of property, plant and equipment and intangible assets”, of Euro 2,226 thousand with tax effect of Euro 666 thousand, relates mainly to leasing contracts signed in 2007 and prior years (Euro 869 thousand with tax effect of Euro 284 thousand).

It is noted that, for the 2013-2015 three-year period, the option to take advantage of national tax consolidation is currently in force, as per Art. 117 and seq. of the Presidential Decree no. 917/1986 between the consolidating company Snai S.p.A. and the consolidated company Società Trenno S.r.l.. The option to the tax consolidation regime between the consolidating company and the consolidated company Teleippica S.r.l. will be renewed, for the 2015-2017 three-year period, with option to be exercised in the 2105 Revenue form expiring next 30 September 2015. At the same time, the tax consolidation regime between SNAI S.p.A: and the newly incorporated Snai Rete Italia S.r.l. will be exercised for the same period.
It should be noted that the adoption of consolidated taxation may have some beneficial effects on the Group’s tax burden, including the possibility of immediate full or partial application of tax losses for the period incurred by the companies participating in the consolidation scheme to reduce the income reported by the other consolidated companies and to recover the excess interest expense not deducted by the consolidated companies due to the excess of gross operating income (GOI) of the other companies participating in the consolidation scope.
SNAI S.p.A., as the consolidating entity, is required to make an advance payment on account for the balance of the corporate income tax [IRES] based on the consolidated income statement.
Under the existing agreements, the income tax on the taxable income transferred to the consolidating entity is then paid by set-off against the credit balance created by the early payments, amounts deducted at source, deductions of tax or transfers for any other reason; any amounts that cannot be offset are payable within 90 days after the Company’s receipt of the request from the consolidated companies.
In the event that the consolidated companies transfer tax credits to SNAI S.p.A., that transfer implies an indemnity to those companies in the amount of the tax credits thus transferred.
Benefits deriving from the transfer of tax losses from SNAI S.p.A. will be paid within 90 days from reception by the Parent Company of the request sent by the consolidated company, irrespective of the fact that these losses have been actually used.
The consolidated companies’ tax liability with respect to the Inland Revenue Office remains in effect if a higher taxable income for the parent company is assessed as a result of miscalculations in the taxable income reported by the consolidated companies.

| Temporary differences | Amount | Rate | Tax impact | Deferred |
|---|---|---|---|---|
| Tax amortisation of goodwill | (11,006) | 27.50% - 32.62% | (3,405) | (3,405) |
| Tax amortisation of goodwill on business segments | (139,860) | 27.50% - 32.62% | (44,543) | (44,543) |
| Difference between the carrying amount and the fiscal value of property, plant and equipment | (40,256) | 27.50% - 32.62% | (13,111) | (13,111) |
| Other temporary differences | (207) | 27.50% | (57) | (57) |
| **Total deferred taxes** | **(191,329)** | | **(61,116)** | **(61,116)** |

The changes in the provision for deferred taxes are shown below:

| | 31.12.2014 | allocations set aside | uses | 30.06.2015 |
|---|---|---|---|---|
| Provision for deferred taxes | 58,593 | 2,612 | (89) | 61,116 |

Directors of SNAI S.p.A. have decided, in accordance with IAS 12, to record the deferred tax liabilities generated by all of the temporary differences between the carrying values and the fiscal values of the related assets/liabilities. In particular, the acquired business segments are considered business combinations and therefore are recorded using the acquisition method specified by IFRS 3. Therefore, the Company has recognised the identifiable assets and liabilities at fair value at the acquisition date and it recorded goodwill only after having allocated the acquisition cost as described above. Goodwill is not subject to amortisation but to impairment testing on an annual basis; amortisation for tax purposes is regulated by Art. 103, paragraph 3, of the Presidential Decree 917/1986, which gives rise to deferred tax liabilities.
The "difference between the carrying amount and the fiscal value of property, plant and equipment" of Euro 40,256 thousand with tax impact of Euro 13,111 thousand relates mainly to real estate properties (formerly owned by Trenno) in Milan - San Siro and Montecatini (Euro 37,828 thousand with tax impact of Euro 12,339 thousand), as well as properties and land in Milan owned by the incorporated company Immobiliare Valcarenga S.r.l. (Euro 1,408 thousand, with tax effect of Euro 459 thousand).

**19. Inventories**

Compared to 31 December 2014, inventories increased by Euro 143 thousand. The composition of the "Inventories" item is shown below:

| thousands of Euro | 30.06.2015 | 31.12.2014 | Change |
|---|---|---|---|
| Raw materials | 8 | 21 | (13) |
| Work in progress | 0 | 8 | (8) |
| Finished products/goods | 335 | 457 | (122) |
| **Total** | **343** | **486** | **(143)** |

The value of inventories is shown net of the provision for inventory depreciation, equal to Euro 204 thousand as at 30 June 2015 (Euro 206 thousand as at 31 December 2014). The decrease is due to the uses in the period.

**20. Trade receivables**

The trade receivables are broken down as follows:

| thousands of Euro | 30.06.2015 | 31.12.2014 | Change |
|---|---|---|---|
| **Trade receivables** | | | |
| - from customers | 113,880 | 96,757 | 17,123 |
| - from foreign customers | 21 | 14 | 7 |
| - from MIPAAF | 12,021 | 13,397 | (1,376) |
| - from stables, jockeys and bookies | 734 | 759 | (25) |
| - actual assets at collection and in portfolio | 1,349 | 1,176 | 173 |
| - provision for doubtful receivables | (53,755) | (53,617) | (138) |
| **Total** | **74,250** | **58,486** | **15,764** |

Trade receivables from customers included the balances as at 30 June 2015 due from operators for accepting bets (Betting and Gaming Machines), net of the compensation due to those operators, in addition to receivables to operators of Gaming Machines for the reduction of premiums and remunerations provided for by the Stability Law. They also include the receivables related to the legal actions of SNAI S.p.A. in the amount of Euro 40,024 thousand (Euro 42,376 thousand).

Receivables from MIPAAF (former ASSI, absorbed by MIPAAF - Ministry of Agriculture, Foodstuff and Forestry Policies), amounted to Euro 12,021 thousand (Euro 13,397 thousand) and include:

- Euro 7,386 thousand (Euro 4,216 thousand) for receivables from the Società Trenno S.r.l. Of the above amount, Euro 4,251 thousand are related to amounts accrued as at 30 June 2015 regarding fees for the management of racetracks, the remaining amount, equal to Euro 3,135 thousand, relates to receivables from MIPAAF regarding grants for the development and upgrading of city racetracks as well as to amounts to be received for the 2000 Investment Provision for works carried out at the horse racetracks in Milan and Montecatini, net of prior grants and amounts collected for registration of horses at Grand Prix 2014 of the horse racetracks in Milan and Montecatini and amounting to Euro 248 thousand;
- Euro 4,635 thousand (€ 9,181 thousand), related to the agreement made by Teleippica S.r.l. for transport services, the processing and transmission of video and audio signals from domestic and foreign racetracks, and the production and transmission of the UNIRE BLU channel dedicated to betting shops for "national" horse betting; daily presentation and broadcast of programmes and other connected services.

The provision for doubtful receivables was calculated taking into consideration the amount of receivables that were doubtful, analysing debtors' specific conditions and any security that had been provided towards the companies of the Group, and also carrying out an assessment on the possible recovering of overdue receivables, and disputed receivables, based on the opinions of the Group's lawyers. Considering the company-backed guarantees obtained from debtors, directors believe that this provision is adequate to cover all foreseeable future losses on receivables.

**21. Other assets**

Other non-current assets, classified under "other non-financial assets", are broken down as follows:

| thousands of Euro | 30.06.2015 | 31.12.2014 | Change |
|---|---|---|---|
| **Other non-financial assets** | | | |
| *Tax receivables* | | | |
| - from Inland Revenue Office for tax refund | 91 | 91 | 0 |
| - receivables for IRES/IRAP claim | 46 | 0 | 46 |
| - from Inland Revenue Office for taxes under dispute | 0 | 193 | (193) |
| | **137** | **284** | **(147)** |
| *Receivables from others:* | | | |
| - guarantee deposits | 866 | 1,488 | (622) |
| | **866** | **1,488** | **(622)** |
| Trade receivables: | | | |
| - assets/valuables in portfolio | 705 | 195 | 510 |
| | **705** | **195** | **510** |
| **Total Other non-financial assets** | **1,708** | **1,967** | **(259)** |

Guarantee deposits decreased by Euro 622 thousand, mainly due to the repayment of Euro 500 thousand of the guarantee deposit provided in favour of a player as a result of the malfunction of the Barcrest VLT platform.

Other current assets are composed as follows:

| thousands of Euro | 30.06.2015 | 31.12.2014 | Change |
|---|---|---|---|
| **Other current assets** | | | |
| *Tax Receivables:* | | | |
| - from Inland Revenue Office for IRES down payment /credit | 608 | 245 | 363 |
| - from Inland Revenue Office for IRAP down payment/credit | 1,139 | 962 | 177 |
| - Other tax receivables | 593 | 588 | 5 |
| | **2,340** | **1,795** | **545** |
| *Receivables from others:* | | | |
| - Gaming Machines guarantee deposit | 7,374 | 14,213 | (6,839) |
| - Advance concession payment to ADM | 2,053 | 1,873 | 180 |
| - Escrow deposit | 1,300 | 0 | 1,300 |
| - Receivables from ADM for winnings on National Horse Racing | 64 | 159 | (95) |
| - Guarantee deposit for on-line gaming (Skill/Bingo) | 128 | 268 | (140) |
| - Receivables from Skill Games | 311 | 213 | 98 |
| - Other receivables from Betting Acceptance Points | 139 | 139 | 0 |
| - Receivables from prior grants from granting bodies | 327 | 327 | 0 |
| - Receivables from undue payment of interest and fines on flat-rate gaming tax (PREU) | 2,114 | 2,114 | 0 |
| - Receivables from Bluline electronic exchange | 226 | 226 | 0 |
| - Social security entities | 246 | 81 | 165 |
| - Sundry receivables | 2,690 | 1,792 | 898 |
| - Provision for doubtful receivables from others | (2,241) | (2,118) | (123) |
| | **14,731** | **19,287** | **(4,556)** |
| *Accrued income and prepayments* | | | |
| - Accrued income | 4 | 0 | 4 |
| - Prepayments | 6,400 | 3,427 | 2,973 |
| | **6,404** | **3,427** | **2,977** |
| **Total other current assets** | **23,475** | **24,509** | **(1,034)** |

The entertainment machines guarantee deposit of Euro 7,374 thousand (Euro 14,213 thousand) relates to 0.5% on the gaming transactions generated by the entertainment machines (AWP and VLT) in 2013, as described in greater detail in Note 5, “revenues from sales of goods and services.” Euro 10,092 thousand related to 2014 ADI guarantee deposit, were cashed on 26 May 2015. The remaining amount of Euro 4,061 thousand was kept by ADI as deposit for the payment of the second instalment of the "higher drawdowns" introduced by the 2014 Stability Law, expiring on 31 October 2015.

The escrow deposit, equal to Euro 1,300 thousand, was allocated to guarantee the fulfilment of all obligations undertaken with the rental payments of the SIS business unit.

The Advance concession payment to ADM, of Euro 2,053 thousand, included the fixed amounts paid in advance to ADM for the first half of 2015 and was related to the concession fee for horse race and sports betting and for on-line gaming. Further detail thereof is provided in Note 10.

Among the prepayments, the table shows:

- Euro 2,274 thousand (compared to Euro 2,673 thousand), related to advance payments for commissions on guarantees and insurance premiums, essentially related to guarantees provided to secure contractual obligations assumed for the concessions for rights and for gaming machines;
- Euro 2,934 thousand, related to costs not yet accrued and envisaged by the Stability Law, approved by the Parliament at the end of December 2014, envisages, amongst other, that the total amount of Euro 500 million be charged to the distribution segment of gaming machines (both AWP and VLT). This amount is apportioned according to the number of machines referable to each single concession holder, as quantified by a decree issued by ADM on 15 January 2015. Based on this decree, the amount related to the distribution segment for gaming machines related to SNAI was equal to Euro 37,792 thousand. For further details see Notes 10, 20 and 30);
- Euro 1,192 thousand (Euro 754 thousand), primarily related to costs of maintenance and assistance contracts, etc., that have not yet accrued.

**22. Financial Assets**

The non-current financial assets consist of the following:

| thousands of Euro | 30.06.2015 | 31.12.2014 | Change |
|---|---|---|---|
| Option rights | 245 | 245 | 0 |
| AWP deposits | 1,528 | 999 | 529 |
| **Total non-current financial assets** | **1,773** | **1,244** | **529** |

The option right for the purchase of 51% of the share capital of House Bet S.r.l., incorporated on 25 July 2013 to manage the wagers of gaming machines. The purchase price of the option right amounted to Euro 245 thousand. In the event the purchase option is exercised, this amount will be deducted from the purchase price upon execution of the shareholding transfer deed. The option right is an equity instrument measured at cost, according to IAS 39, paragraph 46, by reason of the fact that there is no price on any active listed market and fair value cannot be reliably determined because this is a recently incorporated company.

AWP deposits are related to contracts with a sector operator.

The current financial assets consist of the following:

| thousands of Euro | 30.06.2015 | 31.12.2014 | Change |
|---|---|---|---|
| Escrow accounts and unavailable balances | 19,718 | 19,662 | 56 |
| Shares in former Società Fiorentina Corse Cavalli for exchange | 1 | 1 | 0 |
| **Total current financial assets** | **19,719** | **19,663** | **56** |

The escrow accounts, which were opened by the parent company in order to manage the amounts resulting from the offsetting between the receivables from ADM under the Di Majo award, and the liabilities for wagers, due every two weeks (the so-called “former ASSI fifteen-days payments”), are unavailable while waiting for ADM’s decisions after the judgement of the Milan Court of Appeal of 21 November 2013, which stated that the arbitration award issued on 26 May 2003 (known as “Di Majo Award) was void and ineffective.

The unavailable amounts on bank current accounts relate to amounts which are temporarily unavailable because of enforcement order of third party’s claims; it is noted that such amounts involve attachments applied to various bank current accounts on the basis of the same enforcement order.

Non-current financial assets, the escrow accounts and unavailable amounts held in bank accounts were not included in the Net Financial Position (see Note 40).

**23. Cash and cash equivalents**

The cash and cash equivalents are broken down as follows:

| thousands of Euro | 30.06.2015 | 31.12.2014 | Change |
|---|---|---|---|
| Bank accounts | 75,082 | 68,100 | 6,982 |
| Postal deposits | 600 | 326 | 274 |
| Cash in hand | 289 | 203 | 86 |
| **Cash on hand** | **75,971** | **68,629** | **7,342** |
| Bank overdrafts | 0 | 0 | 0 |
| **Net cash and cash equivalents** | **75,971** | **68,629** | **7,342** |

**24. Shareholders' equity**

The share capital of the parent company, SNAI S.p.A., as at 30 June 2015, entirely subscribed and fully paid up, amounted to Euro 60,748,992.20 (60,748,992.20 as at 31 December 2014), and is comprised of 116,824,985 ordinary shares (116,824,985 as at 31 December 2014).
The holders of ordinary shares are entitled to receive such dividends as are resolved upon from time to time and are entitled to cast one vote at the Company's meeting for each share they hold.

| | |
|---|---|
| authorised number of shares | 116,824,985 |
| number of shares issued and fully paid up | 116,824,985 |
| par value per share (in Euro) | 0.52 |

The number of shares and share capital are unchanged with respect to 31 December 2014.
The shares issued are all ordinary shares.
The subsidiary Finscom S.r.l. owns 70,624 SNAI shares for a nominal value of Euro 43,786.88.

**Reserves**

Legal Reserve and Share Premium reserve
The amount of the legal reserve and the share premium reserve was reduced to zero to cover the losses for the 2014 financial year.

Cash Flow Hedge Reserve
The cash flow hedge reserve is negative for Euro -1,062 thousand and consisted of derivatives being taken directly to equity (see Note 36).

Post-employment benefit reserve (IAS 19)
The reserve for the re-measurement of post-employment benefits (IAS 19) is negative for Euro -720 thousand and is formed by recognition of actuarial gains/losses as at 31 December 2014.

Treasury share reserve
The treasury share reserve was made up of SNAI shares owned by the subsidiary Finscom S.r.l. at the date in which SNAI S.p.A: and SNAI Rete Italia S.r.l. purchased Finscom S.r.l..

Profit (loss) carried forward
Retained profit (loss) amounted to losses of Euro -9,804 thousand and changed during the period by Euro -10,577 thousand by effect of the loss for 2014.

**Shareholders' Equity pertaining to minority interests**
As at 30 June 2015, minority interests show a zero balance, given that none of the subsidiaries consolidated on a line-by-line basis have non-controlling interest shareholders.

**25. Other components of the comprehensive income statement**

The other components of comprehensive income relate to the recognition of derivatives directly in cash flow hedge reserve in shareholders' equity (for further detail see Note 36) and SNAI shares owned by Finscom S.r.l. (for further detail see Note 24)

The following table show details of the other components of the comprehensive income statement.

| QII 2015 | QII 2014 | | Half-year I 2015 | Half-year I 2014 |
|---|---|---|---|---|
| | | **Hedge derivatives:** | | |
| 733 | 733 | Net (loss)/profit from derivatives as cash flow hedges | 1,465 | 1,465 |
| (202) | (202) | Tax impact | (403) | (403) |
| **531** | **531** | **Hedge derivatives** | **1,062** | **1,062** |
| **(110)** | **0** | **(Loss)/profit on available-for-sale financial assets** | **(110)** | **0** |
| **421** | **531** | **Comprehensive profit (loss) for the period** | **952** | **1,062** |

**26. Earnings per share**

**Basic earnings per share**
The calculation of the basic earnings/loss per share as at 30 June 2015 was made taking into consideration the gain attributable to the holders of ordinary shares, for Euro 334 thousand (31 December 2014: loss of Euro 26,082 thousand) and the weighted average number of outstanding ordinary shares during the period ended 30 June 2015, equal to 116,792,027 shares (31 December 2014: 116,824,985).

The amount was calculated as follows:

| **in thousands** | **30.06.2015** | **31.12.2014** | **30.06.2014** |
|---|---|---|---|
| Gain/(loss) attributable to holders of ordinary shares = gains for year of group (a) | 334 | (26,082) | (6,972) |
| Average weighted number of ordinary shares /1000 (b) | 116,792.03 | 116,824.99 | 116,824.99 |
| **Basic earnings/(loss) per share (a/b)** | **0.00** | **(0.22)** | **(0.06)** |

**Diluted earnings/(loss) per share**
The diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share, given that no financial instruments with potentially dilutive effects have been issued.

**27. Post-employment benefits**

The Post-employment benefits as at 30 June 2015 amounted to Euro 5,242 thousand against Euro 4,602 thousand as at 31 December 2014.

The following table shows the movements therein:

| thousands of Euro | |
|---|---|
| **Balance as at 01.01.2015** | **4,602** |
| Business combination | 724 |
| Accruals | 57 |
| Uses | (171) |
| Financial expenses | 30 |
| **Balance as at 30.06.2015** | **5,242** |

Post-employment benefits are considered to be defined-benefit plans and are accounted for in accordance with IAS 19, applying the projected unit credit method, which consists of estimating the amount to be paid to each employee at the time of their leave, and discounting that liability to current value on the basis of an assumption as to the timing of their resignation calculated using actuarial methods.

**28. Financial liabilities**

The financial liabilities are comprised of the following:

| thousands of Euro | 30.06.2015 | 31.12.2014 | Change |
|---|---|---|---|
| **Non-current financial liabilities** | | | |
| Bond loan | 464,986 | 463,561 | 1,425 |
| Due for financial leasing | 856 | 1,208 | (352) |
| **Total other non-current liabilities** | **465,842** | **464,769** | **1,073** |
| **Current financial liabilities** | | | |
| Current portion of senior bank loans - Bond loan | 0 | 19,552 | (19,552) |
| Due for financial leasing | 837 | 1,151 | (314) |
| Due for interest on bond loans | 1,817 | 2,148 | (331) |
| Due to banks | 38 | 40 | (2) |
| Due to “Betting Acceptance Points” for the purchase of horse racing and sports Concessions business segments | 32 | 32 | 0 |
| **Total current financial liabilities** | **2,724** | **22,923** | **(20,199)** |

The financial liabilities include:

- the bond loans stipulated on 4 December 2013 (described in the following paragraphs) are recorded at amortised cost for a total of Euro 464,986 thousand, (nominal value of Euro 480,000 thousand) and stated net of direct ancillary charges. These ancillary charges, totalling Euro 21,453 thousand, include professional fees related to the stipulation of the contracts, as well as the tax payable on the assumption of the loan, whose Euro 1,872 thousand have been charged to the income statement for the first half of 2015;
- financial liabilities for financial lease contracts, totalling Euro 1,693 thousand, mainly relate to the residual balances on contract for the acquisition of a building situated in Porcari (Lucca) and of technology for use in betting acceptance points, described in greater detail in Note 15, “Property, plant and equipment”;

There are no non-current financial payables being due after 5 years.

On 8 November 2013, SNAI S.p.A. entered agreements with some investors for a non-subordinated, non-convertible and unsecured facility for a total principal of Euro 35,000 thousand, divided in two sets of bonds (“Facility A” and “Facility B”), the issue of which was resolved on 5 November 2013 by SNAI S.p.A.’s Board of Directors. The Class A bonds, issued in the amount of Euro 15,000 thousand, were repaid on 4 December 2013 and on 5 May 2015 Class B bonds were entirely repaid.

On 4 December 2013, SNAI S.p.A. issued a Bond Loan for a total amount of Euro 480,000 thousand and with the following characteristics:

- Euro 320,000 thousand, with 7.625% interest rate and called Senior Secured Notes, with maturity date on 15 June 2018;
- Euro 160,000 thousand, with 12.00% interest rate and called Senior Subordinated Notes, with maturity date on 15 December 2018.

The Bonds were initially subscribed by J.P. Morgan, Banca IMI S.p.A., UniCredit AG and Deutsche Bank AG, London Branch, pursuant to a purchase contract signed on the same date with SNAI, and were then placed exclusively with institutional and professional investors. Procedures for the listing of Notes were then started on the Euro MTF market, organized and managed by the Luxembourg Stock Exchange, together with procedures for the secondary listing at the ExtraMOT Pro segment, organized and managed by Borsa Italiana. These procedures are now completed.

On 27 November 2013, SNAI entered, as receiving party, a revolving loan contract amounting to Euro 30,000 thousand with UniCredit Bank AG, Milan branch, as agent and security agent and, among others, Deutsche Bank S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A. as lending banks. The Senior Revolving Facility had not been used as at 30 June 2015.

Senior Secured Notes and the Senior Revolving Facility are also backed by a pledge on SNAI shares, issued by a majority shareholder of the Company. The related security agreement between the Company and the majority shareholder was submitted to the favourable binding opinion by the SNAI Related Party Committee.

A summary of Bonds and Credit Facilities is shown in the following table:

*thousands of Euro*

| Financial payables | Amount of loan | Duration | Interest period | Due date | Repayment method | Date of payment | Disbursed amount |
|---|---|---|---|---|---|---|---|
| Senior Secured Notes | 320,000 | 4 and 6 months | 6 months | 15.06.2018 | Bullet | 04.12.2013 | 320,000 |
| Senior Subordinated Notes | 160,000 | 5 years | 6 months | 15.12.2018 | Bullet | 04.12.2013 | 160,000 |
| Senior Revolving Facility | 30,000 | | 1, 3 or 6 months | 15.12.2017 | Each loan must be repaid on the last day of the Interest Period. During the availability period, the amounts repaid may be reused. | | - |
| **Total** | **510,000** | | | | **Total amount disbursed as at 30.06.2015** | | **480,000** |

**29. Provisions for risks and charges, pending litigations and potential liabilities**

SNAI is party to in proceedings before civil and administrative courts, and other legal actions, connected with its ordinary course of business. On the basis of the information currently available, and taking into consideration the existing provisions for risks, SNAI considers that those proceedings and actions will not result in material adverse effects upon the consolidated financial statements.
This section will provide a summary of the most significant proceedings; unless indicated otherwise, no provisions have been made in relation to the disputes described below for which SNAI considers an unfavourable outcome in the proceedings to be simply possible (namely, not probable) or where the amount of such a provision cannot be reliably estimated.

As at 30 June 2015, the provisions for risks and charges amounted to Euro 10,635 thousand. Details of the amounts, and changes thereto, are set forth in the following table:

| **thousands of Euro** | **Technological renewals** | **Tax disputes, litigations, contractual risks and other** | **Total** |
|---|---|---|---|
| **Balance as at 31 December 2014** | **686** | **10,152** | **10,838** |
| Business combination | 0 | 828 | 828 |
| Provisions recognised over the period | 159 | 364 | 523 |
| Releases/Utilisation for the period | 0 | (1,554) | (1,554) |
| **Balance as at 30 June 2015** | **845** | **9,790** | **10,635** |

**Technological renewals**
The provision for technological renewals consists of periodical allocations for technological upgrading, as provided for by the concession agreement for the construction and running of networks for the on-line management of legal gaming via gaming machines, in accordance with Art. 110, par. 6, of the T.U.L.P.S. [Consolidated Text of Public Safety Laws], as per the Royal Decree no. 773 of 18 June 1931, and following amendments and supplements;

**Tax disputes, litigations and contractual risks**
The provision for risks for tax disputes, litigations and contractual risks includes the overall estimated amount required to address risks in the settlement of disputes and relationships with third parties, also regarding taxes, duties and social security issues, in the amount of Euro 9,790 thousand.

Provisions for the period, amounting to Euro 364 thousand, were related, in the amount of Euro 293 thousand to legal disputes with employees, in the amount of Euro 37 thousand to the measurement at equity of the affiliate Solar S.A., and in the amount of Euro 34 thousand to further risks.

The uses for the period, amounting to Euro 1,554 thousand, are related, in the amount of Euro 685 thousand, to transactions with employees and also include related legal fees. They are also related, in the amount of Euro 307 thousand, to the use for transactions with players of 2 October 2012, in the amount of Euro 410 thousand to the provision allocated for a tax assessment and in the amount of Euro 152 thousand for further uses.

***Disputes concerning the gaming machines business: ADM's objections for alleged breaches in the management of the on-line network***

In the month of June 2007, ADM issued contractual penalty notices for the same amounts claimed in the same year by the public prosecutor at the Court of Auditors of the Lazio Region (this last proceeding has now been concluded following the Company's adhesion to finalise tax assessments as per Art. 14 of Law Decree 102/2013).
The Company has lodged an appeal with the Regional Administrative Court (TAR) contesting the ADM decisions.

The TAR firstly suspended their enforceability and then declared them null and void through ruling no. 2728 of 1 April 2008, now res judicata. As regards the first group of three objections - regarding the alleged delay in start-up, activation and running of the Network - ADM issued the related penalties with notices 33992/Giochi/UD on 2 September 2008, 38109/Giochi/UD on 1 October 2008, and 40216/Giochi/UD on 16 October 2008, for a total amount of over 2 million Euro, served to SNAI, which objected these proceedings before the Lazio Regional Administrative Court (TAR). The related administrative judgement was favourable to SNAI as the State Council declared the orders to pay these three penalties null and void.

In its memorandum 2011/6303/Giochi/ADI of 22 February 2011, ADM formally resumed the proceedings to enforce a fourth penalty for the alleged failure to comply with the specified service level of the Gateway in the period between July 2005 and March 2008, when the above-described contractual addendum eliminated that provision for the future.

On the basis of the data and criteria developed by the Technical Committee referred to above, and in compliance with the annual ceiling introduced with the last addendum to the contract, ADM imposed the penalty in question on SNAI S.p.A., which it calculated as a total of Euro 8,480,745.00 (reduced to Euro 7,463,991.85 to meet the reduced ceiling for the year 2005 on the assumption that the Council of State confirms the first three penalties).
SNAI, as a result of partial access to the computer database compiled by SOGEI S.p.A., with its brief of 8 June 2011, nevertheless made point-by-point defensive arguments concerning the method and substance, the reliability and correctness of the charges, reserving the right to expand on those arguments upon gaining complete access to the records.
On 28 September 2011 access to the information was supplemented by on-line queries via the access gateway.
The information extracted is covered in the technical opinion of Prof. Listanti, which formed the basis for the drafting of a supplementary brief filed with ADM on 27 October 2011.

With memorandum no. 2012/7455/Giochi/ADI dated 17/2/2012 and received on following 27 February 2012, the ADM imposed on SNAI the penalty under Article 27 (3) (b) of the Concession Agreement in conjunction with Annex 3 (2), for a total amount of around Euro 8.5 million.
On 27 April 2012, SNAI filed notice of appeal to challenge that measure before the Administrative Court, with a request to declare it null and void, while suspending its enforceability pending the final decision.
On 24 May 2012, the Second Section of the Lazio Regional Administrative Court, by virtue of its order no. 1829/2012, suspended the enforceability of the fourth penalty at scheduled the trial on the merits for 20 February 2013.
On 20 February 2013, the hearing was held, and on 17 June 2013, ruling no. 6028/2013 was deposited. With this sentence the Second Section of the Lazio Regional Administrative Court (TAR) upheld SNAI's appeal and, consequently, annulled the ADM penalty.
On 28 January 2014, SNAI was served with the notice of ADM's appeal against the ruling no. 6028/2013.
On 28 March 2014, SNAI filed a memorandum and a cross-appeal only to the ruling no. 6028/2013 which is unfavourable to the company.
Following the hearing for discussion of the appeal that was held on 26 May 2015, the decision was upheld and today has not been lodged yet.

In view of the above, and on the basis of its lawyers' opinions, the Group considers the risk of a negative outcome regarding ADM's claims as no more than possible.

***Disputes concerning the gaming machines business: proceedings "for rendering of account" initiated by the Substitute Prosecutor before the Court of Auditors and consequent judgement***

In April 2010, the regional public prosecutor at the Court of Auditors notified SNAI and other gaming concession holders of a claim under article 46 of Royal Decree no. 1214/1934, and an application under article 41 of the Royal Decree 1038/1933, for the formation of the official account, on the basis of an alleged failure to present a "court account" in respect of the cash flows arising from the management of gaming activities, as network concession holder.

By Decree of the President of the Lazio Section of the Court of Auditors the reporting trial has been resumed and a deadline set for the related filing. In its defensive brief, SNAI challenged the status ascribed to it, since it does not handle public money subject to the PREU tax. On 27 April 2010 the Regional Prosecutor sent a summons for a hearing to sentence SNAI S.p.A. for non-reporting. The Court, at the preliminary for appearance and discussion held on 7 October 2010 regarding the penalty sought by the Prosecutor for the alleged delay in reporting, heard the arguments for and against SNAI and the other concession holders who underwent the same proceeding.
The attorneys developed analytical arguments on the substantial baselessness of the demands of the investigating Prosecutor and argue that the Court should evaluate their requests for exoneration from responsibility for the delay in light of contemporary reporting procedures based on on-line communication of the data relevant to Sogei S.p.A. instead of applying the rules laid down for someone who "handled" public money in a historical era as far back as 1862.

At the hearing of 7 October 2010, the Court of Auditors, in its ruling no. 2186/2010, totally rejected the Prosecutor's demands charging ADM with failure to present a judicial account within the deadlines defined by law. On 11 March 2011 SNAI was served notice of the Prosecutor's appeal.
In the view of the Company's legal advisers, the grounds of the appeal may be reasonably overcome; on that basis, technical defences have been prepared for the hearing scheduled for 13 March 2013. At the hearing of 13 March 2013, the matter was deferred to a new hearing on 18 December 2013 and the decision was upheld.
As it did for the appeals of other concession holders, with ruling no. 5 of 3 January 2014, the Court of Auditors deemed that the accounting default claimed by the Prosecutor was actually present. The fine, however, was remarkably reduced from hundreds of millions of euros to Euro 5,000.00, thus accepting the correct calculation of the fine claimed by SNAI.
The Company was served with the above ruling on 3 July 2014, with payment term of 30 (thirty) days. The Company provided for the payment on 10 July 2014.

In addition to the proceedings on the account rendering, in the course of 2012, the auditing trial was initiated to verify the accounts presented to the Reporting Judge appointed by the Presiding Judge of the Court. At the hearing of 17 January 2013, the rapporteur referred, in support of their report, to an opinion provided to ADM by the United Sections of the Court of Auditors, regarding the new form of court accounting, and the Court adjourned to 16 May 2013, placing copies of that opinion at the disposal of the parties. With ruling no. 448/2013, lodged on 14 June 2013, the Lazio Court of Auditors' Jurisdictional Section stated that the sentence on accounts was ineffective and its decision was transmitted to the Regional Prosecutor for assessing any possible administration liabilities.
SNAI appealed the ruling. The hearing at the Lazio Court of Auditors' First Jurisdictional Section is scheduled on 10 April 2015. With sentence no. 304/2015 of 30 April 2015, the Court of Auditors' Third Section cancelled the objected sentence deeming that the case could not be concluded with a sentence indicating the impossibility of taking further proceedings without performing first a detailed audit of the reporting filed for the case. Therefore, the sentence ordered that the Lazio Regional Section reviewed the audit in order to reach a final decision whether to discharge or not from the accounts, the items that were not equivalent.
Upon order of the Appeals Section of the Court, all documents related to judicial reporting, already returned to the Agenzia delle Dogane e dei Monopoli, were retransmitted to the Lazio Regional Section.
The appeal ruling being executed, the case continued before the Lazio Regional Section of the Court.

In the opinion of legal advisers the risk of losing can be described as remote; in keeping with that conclusion, the Directors have recognised a provision only for the estimated legal costs of the technical defence.

**Malfunctioning of the Barcrest VLT platform (16 April 2012)**

On 16 April 2012, an anomalous peak of "jackpot" payment requests occurred on the Barcrest System (one of the VLT platforms that the Company used at such time), in connection with tickets which were only apparently winners, for various sums both within and even well beyond the legal limit of Euro 500,000.00.
As a result of that episode - and as a result of the ADM's order to block the system - SNAI S.p.A. immediately blocked access to the Barcrest System to perform the necessary verifications and inspections. Since the aforementioned date, the Barcrest System has not been put back into operation. From the controls carried out, including controls by independent computer experts, it emerged that no Jackpot win was generated by the Barcrest System during the course of the entire day of 16 April 2012.

This event entailed that some holders of "apparently winning" tickets initiated ordinary proceedings/injunction proceedings/summary proceedings seeking payment of the amounts indicated on the tickets issued by the Barcrest VLTs during the malfunction and/or compensation for the damage sustained.

In particular, as at 30 June 2015, 2 mediations started and 93 proceedings were filed, including 10 interim orders that were temporarily enforceable and can be summarised as follows:

- in two cases, the gamers obtained an award of about Euro 500,000,00. In one of these cases SNAI, after obtaining the suspension of the interim order's enforceability, obtained a distraint order over the assets of the customer for an amount of up to Euro 650,000.00;
- in another case, the temporary enforceability was suspended with SNAI's payment to the Court of Euro 500,000.00. The Court concluded the proceeding by declaring its own lack of jurisdiction and ordered the release of the guarantee deposit with consequent return of the corresponding amount to SNAI. After 31 December 2014, SNAI obtained the repayment of the corresponding amount paid in the guarantee deposit. In the remaining seven cases, temporary enforceability was suspended pending summary examination of the substantive case. In five of those, the enforcement procedure started was i) discontinued in two cases, ii) suspended in three cases.

It should be also pointed out that

i) two cases has in the meantime become extinct due to inactivity on the part of the player;
ii) during the case, two orders were issued pursuant to Art. 186 of the Italian Code of Civil Procedure (hereinafter "c.c.p."), of which one was revoked upon motion filed by SNAI. In the other case, the players started a legal action against SNAI, for which the latter filed an objection;
iii) eight proceedings were resolved by means of an amicable settlement;
iv) five proceedings were settled with sentences on the merits favourable to SNAI.

After 30 June 2015, SNAI was served with an interim order, which is not temporarily enforceable, against which SNAI will object within the deadlines defined by law.

In all of the above proceedings, SNAI has and will appear before the Court to challenge the claims for payment based on arguments of fact and law, since, as has already been communicated to the market and to the relevant Regulatory Authority, no "jackpot' was validly obtained at any time during the day of 16 April 2012.
In the course of 2012, SNAI summoned Barcrest and its parent to sue for compensation for of all types of damage and loss resulting from the malfunction on 16 April 2012. The summoned companies appeared before the Court to challenge SNAI's claims and asking the payment of alleged amounts receivable and of damage to be determined in the course of the proceedings. Due to various postponements, the first hearing was scheduled on 27 November 2014. For this hearing, the Judge granted legal time limits for the filing of briefs pursuant to Art. 183, par. VI of the Italian Code of Civil Proceedings, with effect beginning from 15 January 2015, and postponed the case to 27 May 2015.
In the last few months of 2014 and in the first weeks of 2015, negotiations continued between SNAI, on the one part, and Barcrest Group Limited and The Global Draw Limited on the other part, to reach an amicable settlement of the legal dispute as well as at a series of pending cases which arose between the parties following the well-known facts occurred in April 2012, for which on 19 February 2015, a transaction with the companies involved and their counterpart Scientific Games Corporation was concluded. Due to the above, SNAI waived the actions in the Roman case that, at the same date, following the joint request submitted by the parties, was declared cancelled, with legal expenses offset, and reached an agreement with the above companies on pending cases and the payment of damages and costs already borne, including some guarantees on the cases themselves.
In light of the considerations set forth above and the opinions of our own legal advisers, the directors consider that the risk of the Company losing is may be classified as merely possible.

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

The directorate general of ADM has, through 107 different decisions, given notice of the revocation of the authorization, and the expiry/termination of rights, for failure to activate and/or unauthorized suspension of gaming (with reference to 107 rights assigned to SNAI further to the "Bersani" tender procedure) and with reference to other three rights, ADM has given notice of start of proceedings for the revocation of authorization and termination of the right (with reference to three rights assigned to SNAI further to the "Bersani" tender procedure). The Company promptly brought the matter before the Lazio Regional Administrative Court.

The issues have not yet been settled, except for the appeals that were rejected, related to four licences. On the basis of the legal advice obtained, and in light of the uncertain nature of disputes in this area, SNAI considers risk of losing these lawsuits to be possible.

***Disputes related to the betting business: Guaranteed minimum service levels***

It should be noted that SNAI received a number of notices from ADM regarding the reduced level of transactions by certain horseracing and sports Concessions in the years 2007-2008 for which ADM has requested the minimum guaranteed service fees. We report the latest developments regarding the various measures analysed by year of dispute.

With ADM notices no. 2009/20716 of 29 May 2009, the Authority demanded that SNAI pay the minimum guaranteed amounts for the year 2008, for a total of approximately Euro 11.1 million. On 17 September 2009, the Company, acting through its legal adviser, filed a special appeal with the Lazio Regional Administrative Court for the suspension and subsequent cancellation of the decisions requiring the minimum payments for the year 2008.
With ruling no. 10860/2009 published on 5 November 2009, the Lazio Regional Administrative Court has upheld the appeal submitted by SNAI, therefore cancelling ADM's demands related to the year 2008.
A similar procedure was performed for the ADM's demand for 2009 in relation to 204 horse racing betting concessions for a total amount of Euro 7.4 million, against which an interim application was brought before the Lazio Regional Administrative Court, with a view to accelerating resolution of the dispute.
Following numerous litigation brought before the same court by a large number of betting acceptance points concession holders related to the guaranteed minimum fees for the years 2006 and 2007, the Court pronounced the Sentences nos. 6521 and 6522 of 7 July 2009, cancelling the request of payment of ADM as illegitimate, on the basis that such requests were not anticipated by the safeguard measures set out in the law in respect of those concession holders existing prior to the opening of market pursuant to Law Decree no. 223/06 (the so-called Bersani reform). The Regional Administrative Court (TAR) declared that ADM was legally obliged to adopt those measures, in order to achieve a re-equilibrium of the operating conditions of the concessions in place prior to these reforms.
Based on the foregoing, it can reasonably be assumed that SNAI shall benefit, in all of its directly-held concessions, from the complete reshaping of the requests advanced by ADM in view of the adoption of such safeguard measures.
It should also be noted, with regard to the minimum guaranteed amounts, that SNAI had complied with ADM's request in relation to 2006, paying guaranteed minimums for an amount of Euro 2.4 million. The amount paid was posted under receivables from ADM, as it is now considered recoverable; and the Parent Company has informed ADM that it would be seeking to enforce its rights in all appropriate venues, in order to have a recalculation on an equitable basis of all the amounts requested, and an evaluation of the conduct of ADM. Recently, upon the appeal of the Company and other concession holders, the Lazio Regional Administrative Court revoked ADM's demands and requested the adoption of

the “safeguard” measures, in view of the fact that with the Bersani tender procedure, and other subsequent tender procedures, the territorial exclusivity originally granted under some concessions, were no longer valid following the award of a large number of additional concessions for sports and horse racing betting.

Finally, also on the basis of notices sent by ADM to another concession holder, starting from the first half of April 2011, the receivable of Euro 2,429 thousand for the above-mentioned guaranteed minimum amounts related to the year 2006 paid by the parent company to ADM in prior years has been offset against current liabilities, connected to former ASSI amounts.

On 12 January 2012, ADM notified 226 requests for payment of minimum guaranteed amounts to which the following is to be added: - two further requests addressed to the former Agenzia Ippica Monteverde S.r.l. - payment requests of minimum guaranteed amounts for the years 2006-07-08-09-10 for a total amount of Euro 25,000 thousand on the assumption that the “safeguarding methods”, previously not in place, had expressly been provided for by Article 38 (4) of Law Decree no. 223/06; it has now become apparent, however, that it was impossible to adopt a standard for calculating minimum guaranteed amounts, other than the standard that had already been repeatedly censured by several Lazio Regional Administrative Court rulings, some of which have now become res judicata. SNAI submitted an appeal to the Lazio Regional Administrative Court for the annulment of those orders after suspending their immediate enforceability pending the final ruling. The hearing for discussion of the interim application was set for 21 March 2012.
By virtue of order no. 1036/2012 of 22 March 2012, the Second Section of the Lazio Regional Administrative Court, also acknowledging the steps taken to resolve the long-standing question of the safeguarding measures, temporarily suspended the effectiveness for the new requests to pay the minimum guaranteed amounts for 2006-2010, fixing the hearing on 5 December 2012.

On 20 June 2012, ADM served to SNAI, in addition to another notice served to the former Agenzia Ippica Monteverde S.r.l. - payment requests for integrations to minimum guaranteed amounts for the years 2006-07-08-09-10-11, for an aggregate amount of Euro 24.9 million.
Compared to the previous round of demands of January 2012, this one, on the negative side, shows the addition of the supplements owed for the year 2011, which had not yet been demanded by ADM and, on the positive side, a 5% reduction in the amount demanded pursuant to Article 10 (5) (b) of Law Decree no. 16 of 2 March 2012 converted into Law no. 44 of 26 April 2012.
This Article has provided, in respect of the “amounts for collection pursuant to article 12 of Presidential Decree no. 169 of 8 April 1998, as supplemented (the “minimum guarantee amounts”)”, “the equitable definition, of a reduction not higher than 5 per cent of the sums still payable by the concession holders, pursuant to said Presidential Decree no. 169 of 1998, with identification of the methods of payment of such amounts, and adjustment of the guarantees”.
On 20 July 2012, an application was made to the Lazio Regional Administrative Court for the interim suspension and subsequent cancellation of those requests of payment.
Following the hearing on 12 September 2012, the Second Section of the Lazio Regional Administrative Court ruled that the notices amounted to simple offers of settlement, and did not have the effect of further requests, where not accepted by the concession holder. This interpretation of the requests received and the underlying Law Decree 16/2012 leaves the Company open to defend any attempt to that ADM might pursue for a forced collection of the amounts; on the other hand, confirms the suspension of similar requests that ADM issued on 30 December 2011, already suspended on an interim basis by the same court, in order no. 1036/2012.
Additional reasons have also been proposed for the further request of guaranteed minimum amounts in connection with the bet concession no. 426, similar to those previously contested, but which was notified by ADM only on 7 August 2012.
At the hearing scheduled for 5 December 2012, together with that already fixed in connection with the appeals against the previous orders to pay the minimum guaranteed amounts, the Court reserved the decision.

Through ruling no. 1054, deposited on 30 January 2013, the court’s second section upheld SNAI’s arguments concerning alleged breach of the Italian Constitution by the provisions of Law Decree no. 16/2012; ordered suspension of the proceedings, and passed matter onto the Constitutional Court. At the same time, the Court rejected the original proceedings, related to the initial notices of January 2012 for lack of interest in the lawsuit.

For the entire duration of the proceedings before the Constitutional Court, the suspension of the proceedings continues to operate, to the benefit of SNAI, preventing ADM from enforcing the requests. The hearing before the Court was held on 8 October 2013 and the decision was upheld.
With ruling no. 275 of 20 November 2013, the Constitutional Court claimed the inconsistency with the Italian Constitution of Art. 10, par. 5, lett. b) of the Law Decree no. 16/2012 as regards the wording “*not higher than 5 per cent*”.
The above wording is therefore cancelled which limited the settlement of pending cases on guaranteed minimum amounts, with a discount that should have remained “*not higher than 5 per cent*”.
On 6 June 2013, SNAI was served with 98 payment claims regarding guaranteed minimum amounts related to 2012, for a total amount of Euro 3,328,018.72. As for previous notices, SNAI objected such notices before the Lazio Regional Administrative Court, asking for their cancellation.
At its hearing on 6 June 2014, the Second Section of the Lazio Regional Administrative Court took on both cases for ruling.
With rulings no. 7323/14 of 10 July 2014 and no. 8144/14 of 24 July 2014 - featuring the same content - the competent Court, while acknowledging the unconstitutionality of Art. 10, paragraph 5, letter b) of the Law Decree no. 16/2012, cancelled the payment orders of the guaranteed minimum amounts related to years 2006-2012, which calculated an unreasonable "fair discount" of only 5%.

The Group, supported by the advice of its legal advisers, considers that the risk of losing in relation to the requests, which have been brought by ADM, is only to be possible, and consequently has made no provision for risk.

**Penalties for exceeding the AWP quotas**

Following the demand formulated by ADM on 22 June 2012 regarding the information about the locations of the AWPs that were presumably observed to have exceeded the limits set by the rules on quota restrictions in force at the time, determined by the presence of machines concerning several concessionaires in the months of January-August 2011. In its memorandum of 31 January 2013, SNAI requested that the anomaly be corrected, while at the same time cancelling the payment order formulated by ADM as a form of self-remedy. In light of that evidence, the amount of Euro 1.470 million has been provisioned to provide full coverage for any risks this may represent. Lastly, ADM further asked the payment of the entire amount by 31 October and SNAI, due to the huge amount of checks functional to the payment and in agreement with other concession holders, on the one hand filed a formal request for cancellation of such notices, as a form of self-remedy to the payment claim, and on the other hand objected such order before the Administrative Court.

**Other Disputes**

***SNAI/Omniludo S.r.l.***

- Case 4194/2007: the company Omniludo S.r.l. sued SNAI, alleging a breach of obligations under an existing contract between the parties for the "management, maintenance and assistance by Omniludo S.r.l. for slot machines" (the "Contract of 29 June 2005", petitioning the Court:

  to accept and declare the liability of SNAI for breach of its contractual obligations, in particular of the right to commercial exclusivity, under clauses 3 and 4 of the Contract dated 29 June 2005; to condemn SNAI to pay compensation in an aggregate amount of over Euro 100 million, or such other amount as may be established in the course of the proceedings.
  The case was investigated and the hearing was postponed to 10 December 2010 to allow for clarification of the pleadings and then postponed again ex officio to 17 June 2011. Having clarified the pleadings, SNAI filed a motion for consolidation with another case brought by the same party (described below) pending before the Court of Lucca, Dr. Giunti (Case no. 4810/10).
  By order of 10 February 2012, the Court lifted its reservation made at the hearing of 17 June 2011 and the judge forwarded the case to the President of the section for combination of the lawsuits or the reassignment of lawsuit 4810/2010 to Mr. Capozzi who had investigated the first proceedings.

- Case 4810/2010. By the writ of summons served on 16 November 2010, SNAI S.p.A., in light of the grossly negligent breach of obligations under the Contract of 29 June 2005, sued Omniludo S.r.l. before the Court of Lucca, petitioning the Court as follows:

  1) to find and declare Omniludo S.r.l. to be in breach of trust and of the obligations under the aforementioned contract;
  2) to find and declare the Contract of 29 June 2005 to be terminated on the grounds of Omniludo's serious breaches of its contractual and statutory obligations;
  3) to order the defendant to pay damages to the extent (conservatively) indicated of Euro 40,000,000.00, without prejudice to a different equitable settlement and clarification of the quantum in the case records in accordance with Article 183/6 of the Code of Civil Procedure (hereinafter "c.c.p.") to compensate for both lost profits and the injury caused to the image and goodwill.

At the same time, SNAI submitted a motion under Article 163-bis of the c.c.p. to accelerate the date of the trial, which was granted by decision of the Presiding Judge of the Court of Lucca, who scheduled the trial for 07 January 2011.
The case was investigated and the hearing was postponed to 11 December 2013.
By order of 12 March 2012, the Presiding Judge of the Court ordered that the case 4194/07 be convened jointly with case 4810/2010 at the hearing of 11 December 2013 before Judge Frizilio with a view of their possible consolidation.

The aforementioned ruling was appealed by OMNILUDO on 3 April 2012. The Presiding Judge of the Court, holding that the substantive requirements were met for grouping of the proceedings, ordered on 26 June 2012 that the case be referred to Judge Frizilio for the purposes of arranging the consolidation and clarification of the pleadings.
Indeed, at the hearing of 11 December 2013, the Judge decided on the grouping of all pending proceedings for the case no. RGNR 4194/2007 and on the postponement of the hearing on 17 March 2014. Once the conclusions had been specified, the judge indicated the deadlines for submission of the closing briefs.
With ruling no. 1772/2014, the Judge rejected the claim for damages filed by Omniludo and the cross-claim filed by SNAI.

With deed of summons for the appeal, served on 28 May 2015, the company Omniludo Srl, in liquidation, objected the sentence no. 1772/2014 of the Lucca Court before the Court of Appeal of Florence, summoning SNAI to the hearing of 15 October 2015 and asking that the same be ordered to pay all damages incurred by Omniludo due to the breach of the exclusive right envisaged by the agreement in force between the parties, in the amount of Euro 111,250,000 or in other amount set out by the Court. SNAI will appear in Court in due terms.

***Ainvest Private Equity S.r.l./SNAI***

By a writ of summons served on 14 March 2012, Ainvest Private Equity S.r.l. summoned SNAI to appear before the Court of Lucca, which was petitioned to order SNAI to pay alleged brokerage fees related to the Company obtaining certain bank loans, in an amount of approximately Euro 4 million. SNAI appeared in Court in due form, stating its own defence and objecting that the plaintiff's claims are groundless. Following the hearing on 15 February 2013, the Investigating Judge ordered the translation of foreign-language documents filed by Ainvest. The case was assigned to another judge on 7 June 2013 who postponed the hearing until 11 October 2013. In the meantime, AINVEST filed a petition for the revocation of the ordinance for the translation of the documents into English. At the hearing of 11 October 2013, the Judge ordered the appointment of an interpreter, setting the new hearing on 16 May 2014.
At that hearing, the Judge ruled that the documents were to be translated, allowing the court appointed expert 180 days in which to carry out the appraisal (beginning from 16 June 2014) and postponing the hearing for the examination of the appraisal to 27 February 2015. At that hearing, the Judge postponed the case to 16 June 2015, to discuss on the preliminary claims. At that hearing, the preliminary claims were discussed and the Judge postponed the case to hear the witnesses to 2 December 2105 and 27 January 2016.
Based on the opinions of their legal advisers, the Directors assessed the risk of losing the case as more than possible.

**Potential assets: Receivables from the Di Majo Award**

At the end of the 1990's, a dispute arose between various betting acceptance points and the Finance and Agriculture Ministries, regarding supposed delays and breaches by those Ministries.

The matter had a first conclusion in 2003 with the "Di Majo award", under which an Arbitration Panel, chaired by Prof Di Majo, and called to resolve the dispute, found that the Ministries were liable and ordered them to compensate the concession holders.
The compensation awarded to SNAI by 30 June 2006 would be on the order of Euro 2,498 thousand.
The compensation for the following years has not yet been determined in its entirety.
The defeated Ministries filed an appeal against that ruling before the Rome Court of Appeal.
At the trial scheduled for 14 December 2012, the judgement on the case was reserved.
In addition to those legal events, on 22 June 2010 AssoSNAI (Association of the category of concessionaires) sent ADM a memorandum in which it proposed a hypothetical settlement of the dispute consisting in: 1) offsetting the horseracing concessionaires accounts receivable from those Ministries against the horseracing concessionaires' accounts payable to ADM (with an express waiver of the interest accrued on those accounts receivable, of monetary revaluation and of the enforcement actions initiated) and 2) the abandonment by said Ministries of the trial before the Rome Court of Appeal.
ADM addressed a formal legal query to the State Attorney General regarding the memoranda sent by AssoSNAI and informed AssoSNAI that the State Attorney General confirmed the admissibility of the proposed settlement of the dispute.
To date, the settlement agreement has not yet been signed.
Offsetting of the accounts receivable from the Di Majo Arbitration has already been authorised by a decree issued by the ADM in any case, and SNAI has arranged for such offsetting in the amount of Euro 2,498 thousand regarding the receivables directly attributable to SNAI as concession holder.
Based on the above authorisation for offset, some subjects who are no longer concession holders, assigned their receivables resulting from the Di Majo Award to SNAI which provided for the offsetting of the entire amount of receivables acquired, in the amount of Euro 19,065 thousand. The consideration paid for these receivables has been temporarily put into escrow accounts awaiting the pronouncement of the Court of Appeal of Rome, or, in any case of the final decision.
With ruling no. 2626 of 21 November 2013, the Court of Appeal in Rome sentenced that the Di Majo Award was void for contested jurisdiction, i.e. the Arbitration Panel decided upon matters not consistent with its competence.
SNAI appealed (service on 21 May 2014 and submission to the Supreme Court (Cassation) thereafter on 10 June).

**Allegations by ADM regional offices related to the 2006 PREU**

This dispute regards 41 notices and/or assessment notices issued by the regional offices of ADM, which set out the meter readings for gaming machines (AWP), pursuant to article 110, paragraph 6 a, of the Italian law "TULPS".
The aggregate amount of Penalties and PREU claimed is Euro 786,876.85 (Euro 193,427.76 in penalties + Euro 593,449.09 in PREU) plus interest.
SNAI has filed an appeal with the appropriate Provincial Tax Commission against the assessment notices resulting from the complaints, with an initial petition to suspend the enforceability of the challenged assessment notice.

With reference to the procedures further thereto:

- in relation to 4 notices of assessment, ADM issued a decision for their cancellation as a form of self-remedy (and setting aside);
- in relation to 1 proceeding, the suspension was accepted and appropriate CTP, after the hearing, rejected the recourse filed by SNAI. SNAI filed an appeal with the appropriate Regional Tax Commission. The hearing on the merits was held on 20 April 2015, and at that date, upon lifting of its reservation, the CTR rejected SNAI's appeal and confirmed the assessment notice;

- for fifteen proceedings, at the hearings on the merits held on 5 June 2013 the suspension of provisional enforceability was accepted, and on 24 July 2013 the Court lifted its reservation and rejected the appeal filed by SNAI. Based on the above-mentioned rulings, SNAI filed an appeal with the appropriate Regional Tax Commission. The hearings on the merits were held on 11 June 2015 and the CTR reserved on the decision;
- for one proceeding, after accepting the suspension at the hearing of 5 March 2015, the CTP, upon lifting of its reservation made at the hearing on the merits, declared the appeal for incompetence as ineffective. As regards one proceeding, the hearing on the suspension was held on 12 December 2104. Upon lifting of its reservation, the CTP rejected the suspension request without fixing the hearings on the merit;
- for 18 proceedings, the judgement has been issued upholding the appeals filed by SNAI, of which three are referred to the closing of the litigation. ADM appealed the remaining 15 rulings before the competent Regional Tax Commission and SNAI submitted its own objections. Of which: seven proceedings are still pending at the Supreme Court following ADM's appeal against the decision of the Regional Tax Commission, which confirmed the first instance proceeding thus rejecting ADM's request. The date of the hearing is still to be scheduled; for seven proceedings the hearings were held on 13 July 2015 and the Court reserved its decision, while for one proceeding, the hearings on the merit are still to be scheduled by the Court;
- for one proceeding, SNAI's appeal was rejected. SNAI filed an appeal with the appropriate Regional Tax Commission. The appeal was rejected and the first instance ruling confirmed.

Based also upon the opinion of the Group's legal advisers, the Directors assessed the risk of a negative outcome of the proceedings in course as being possible.

**Allegations by ADM regional offices related to the 2007 PREU**

This dispute regards twelve notices and/or assessment notices issued by the regional offices of ADM, which set out the meter readings for gaming machines (AWP), pursuant to article 110, paragraph 6 a, of the Italian law "TULPS".
The aggregate amount of Penalties and PREU claimed is Euro 82,101.58 (Euro 49,683.24 in penalties + Euro 32,418.34 in PREU) plus interest.
SNAI has filed an appeal with the appropriate Provincial Tax Commission against the assessment notices resulting from the complaints, with an initial petition to suspend the enforceability of the challenged assessment notice.

With reference to the procedures further thereto:

- in relation to one notice of assessment, ADM issued a decision for their cancellation as a form of self-remedy (and setting aside);
- for 2 proceedings, the ruling has been issued upholding the appeals filed by SNAI with ruling no. 62/13. Two appeals before the competent Regional Tax Commission were filed. SNAI filed counter-appeals and the hearing is to be set;
- for one proceeding, we are awaiting that the appropriate CTP fix the hearings on the merits and suspension of provisional enforceability;
- for four proceedings, the hearing for discussion on suspension and on the merits was fixed on 24 September 2015;
- for two proceedings, the hearings on suspension were held on 16 October 2014 and the appropriate CTP reserved on the decision. The ruling is still pending;
- for one proceeding, the CTP suspended the temporary enforceability of the assessment notice and a hearing on the merits was held on 6 May 2015, at the end of which the Court reserved on the decision. A sentence is still awaited;
- for one proceeding, upon lifting of its reservation taken at the hearing of 4 July 2013, the CTP rejected the suspension request and postponed the discussion to a new hearing. The hearing on the merits was held on 2 July 2015 and the Court reserved its decision.

Based upon the opinion of the Group's legal advisers, the Directors assessed the risk of a negative outcome of the proceedings in course as being possible.

**Allegations by ADM regional offices related to the 2008 PREU**

This dispute regards eight notices and/or assessment notices issued by the regional offices of ADM, which set out the meter readings for gaming machines (AWP), pursuant to article 110, paragraph 6 a, of the Italian law "TULPS".
In particular:
- in relation to two notices, the amount of which is undetermined, for which SNAI filed defensive briefs before the appropriate CTP. Given that the notice on the outcome related to the evaluation of defence deeds and the following assessment notice have not been delivered, the case can be considered as expired;
- in relation to six assessment notices (followed by four objections for which SNAI filed defensive briefs), for a total amount of approximately Euro 380,000.00, SNAI filed appeals against the above notices before the competent CTP. The hearing for one proceeding was held on 8 July 2015; the CTP reserved on the decision. For other five proceedings the hearing is to be set.

**Notices served by Regional Offices for exceeding the AWP quotes**

This relates to 134 notices served by various regional offices of ADM, in which ADM contested the installation of a number of AWPs exceeding the limits imposed by the Departmental Decree 2011/30011/giochi/UD. The amount involved is based on the possibility of making a reduced payment and it is not yet determinable. Pending assessment of the individual position, SNAI provided as follows:

- to make a reduced payment for 51 disputes amounting to approximately Euro 33,000.00;
- to submit defensive briefs for 83 disputes, of which 22 have been archived.

After 30 June 2015, 3 notices were served.

**Quotes of 2 October 2012**

Due to a malfunctioning on 2 October 2012, certain sporting events were offered and quoted, - for a few minutes only - with evidently incorrect quotes, in particular this related to Under/Over 5.5 and Under/Over, second half 0.5 bets.
Some players noticed the anomaly, took advantage of it and placed a series of straight and system bets, both on physical network and online through the internet site www.SNAI.it.
SNAI promptly informed ADM on the situation prior to events relating to those bets.
Certain gamblers have filed legal actions to obtain payment of their winnings.

SNAI settled various disputes out of Court and is planning to settle the remaining proceedings in the same way. These costs were covered by using a provision for risks previously set aside.
After 30 June 2015, the Court of Rimini, with order pursuant to Art. 702 bis of the Italian Code of Civil Proceedings, agreed with SNAI's defence and rejected the claims of a player.

**30. Sundry payables and other liabilities**

Sundry accounts payable and other non-current liabilities are broken down as follows:

| thousands of Euro | 30.06.2015 | 31.12.2014 | Change |
|---|---|---|---|
| **Sundry payables and other non-current liabilities** | | | |
| *Tax payables* | | | |
| - instalments on assessment notice | 0 | 64 | (64) |
| - instalments on flat-rate tax | 355 | 437 | (82) |
| - Tax Authorities - 770 notices | 579 | 0 | 579 |
| | **934** | **501** | **433** |
| *Other payables* | | | |
| - for instalments related to PREU for previous years | 1,475 | 1,824 | (349) |
| - for guarantee deposit liabilities | 11 | 11 | 0 |
| | **1,486** | **1,835** | **(349)** |
| **Total sundry payables and other non-current liabilities** | **2,420** | **2,336** | **84** |

Other current liabilities are composed as follows:

| thousands of Euro | 30.06.2015 | 31.12.2014 | Change |
|---|---|---|---|
| **Other current liabilities** | | | |
| *Tax payables* | | | |
| - income tax | 1,834 | 2,745 | (911) |
| - VAT | 845 | 797 | 48 |
| - Flat-rate tax | 18,637 | 4,964 | 13,673 |
| - instalments on flat-rate tax | 184 | 181 | 3 |
| - instalments on assessment notice | 133 | 405 | (272) |
| - Tax Authorities - 770 notice | 164 | 0 | 164 |
| - other tax debts | 931 | 887 | 44 |
| | **22,728** | **9,979** | **12,749** |
| *Payables to social security institutions* | | | |
| - Soc. Sec. Entities | 3,345 | 2,711 | 634 |
| | **3,345** | **2,711** | **634** |
| *Other payables* | | | |
| - to ADM for outstanding PREU | 10,676 | 17,012 | (6,336) |
| - to ADM for guarantee deposits ADI | 2,382 | 2,638 | (256) |
| - for instalments related to PREU for previous years | 770 | 846 | (76) |

| | | | |
|---|---|---|---|
| - payables to ADM for stability law | 22,718 | 0 | 22,718 |
| - to winners and VLT jackpot reserve | 10,297 | 10,063 | 234 |
| - VLT required tickets | 66 | 57 | 9 |
| - to ADM as concession instalment | 1,428 | 1,582 | (154) |
| - to gamblers for antepost betting | 212 | 1,567 | (1,355) |
| - to gamblers for wins and refunds on national horse racing/sports forecast betting | 1,049 | 1,678 | (629) |
| - to ASSI (former U.N.I.R.E.) for fortnightly payments | 716 | 1,115 | (399) |
| - to Adm for required tickets | 274 | 231 | 43 |
| - to ADM for Sports Forecast and National Horse Racing Betting Concession | 952 | 1,724 | (772) |
| - for SNAI Card gaming bards | 5,337 | 6,147 | (810) |
| - to On-line Gaming players (Skill/Casino/Bingo) | 155 | 132 | 23 |
| - for management of On-line Gaming (Skill/Casino/Bingo) | 0 | 1 | (1) |
| - to players for wins in virtual events | 173 | 225 | (52) |
| - to ADM | 21,581 | 21,573 | 8 |
| - for non-competition agreement | 0 | 0 | 0 |
| - to employees and collaborators | 6,112 | 4,256 | 1,856 |
| - to directors | 59 | 418 | (359) |
| - to auditors | 152 | 167 | (15) |
| - for guarantee deposits | 3,072 | 2,896 | 176 |
| - to Teseo S.r.l. in liquidation | 383 | 483 | (100) |
| - to parent companies | 65 | 0 | 65 |
| - to others | 2,560 | 2,500 | 60 |
| | **91,189** | **77,311** | **13,878** |
| *Accrued liabilities and deferred income* | | | |
| - accrued liabilities | 1,245 | 265 | 980 |
| - deferred income | 831 | 851 | (20) |
| | **2,076** | **1,116** | **960** |
| **Total other current liabilities** | **119,338** | **91,117** | **28,221** |

The instalments payable on the tax assessment notice for a total of Euro 133 thousand concerned the settlement of the assessments and resulting acceptance of the tax assessment notices delivered in July 2013. That amount includes the tax, penalties e interest as defined in the final tax assessment notice, with acceptance granted on 26 July 2013 for the year 2011, in which it was also agreed to extend payment through 12 quarterly instalments.

Payables related to the flat-rate tax payable in instalments, amounting to Euro 539 thousand, of which Euro 355 thousand being due after one year and Euro 184 thousand being due within one year, comprise the residual amount to be paid for fines and interest payable for the delayed payment of the 2009-2010 flat-rate tax.
Payables related to 770 amicable notices, amounting to Euro 743 thousand, of which Euro 579 thousand being due after one year and Euro 164 thousand being due within one year, concern the tax assessments carried out by the Tax Authorities on 770 form returns for the 2011, 2012 and 2013 tax years. The above-mentioned tax assessment highlighted the non-payment of some withholding and additional taxes. These amounts payable were subject to instalments, for every year of non-payment, that are in due course of payment.

The PREU payables related to instalments for previous years, amounting to Euro 2,245 thousand, of which Euro 1,475 thousand being due after one year and Euro 770 thousand being due within one year, comprise fines and interest payable for the delayed payment of the 2009 and 2010 PREU tax.

The tax increase is due to the flat-rate tax on betting, introduced with the "Mille proroghe" law decree. The payment term of the flat-rate tax on horserace bets and on betting on events other than horse races, is fixed on 20 December of the same year and 31 January of the following year, with reference to the flat-rate tax due for the September-November and for December, respectively, as well as on 31 August and 30 November with reference to the flat-rate tax due for the January-April and May-August periods, respectively.

The item Payables to ADM for stability law, amounting to Euro 22,718 thousand, is related to provisions envisaged by the Stability Law, approved by the Parliament at the end of December 2014, which, amongst other, outlined that the total amount of Euro 500 million be charged to the distribution segment of gaming machines (both AWP and VLT). This amount is apportioned according to the number of machines referable to each single concession holder, as quantified by a decree issued by ADM on 15 January 2015. According to the aforesaid decree, the amount related to the distribution segment for gaming machines referable to SNAI is equal to Euro 37,792 million, 40% of the annual amount to be paid within 30 April 2015, and the remaining 60% within 31 October 2015 (see Notes 10, 20 and 21). On 30 April SNAI therefore provided for the payment of around Euro 11.1 million in favour of ADM, according to the interpretation inferable from the Order and discussions undertaken with competent Authorities. The amount paid on 30 April was equal to 40% of the total amount due on yoy basis, and amounting to Euro 37,792 thousand (as envisaged by the Order) and was made up of both the reduced portion of premiums and remunerations directly attributable to SNAI and the reduced portion of premiums and remunerations actually paid to SNAI at that date, by the other operators of the distribution segment of gaming machines (AWPs and VLTs) related to SNAI on 31 December 2014.

The item Other payables to ADM, totalling Euro 21,581 thousand, relates to draw downs which were offset by receivables (acquired or original) from the Di Majo Award. On 21 November 2013, the Court of Appeal in Rome declared the Di Majo Award as void and ineffective. Given the fact that the sentence is enforceable, compensations were cancelled. When ADM requires the payment, SNAI will have the faculty to dispose of the amounts on the escrow current accounts jointly managed with Agisco. For further details, see Note 22.

Payables to ADM for outstanding PREU, in the amount of Euro 10,676 thousand, are calculated from the gaming machine (ADI) transactions.

The Deferred income item, amounting to Euro 831 thousand, is related, in the amount of Euro 787 thousand, to the portion of the grants to the former ASSI investment fund recognised as grants related to investments.

**31. Trade payables**

The trade payables are composed as follows:

| thousands of Euro | 30.06.2015 | 31.12.2014 | Change |
|---|---|---|---|
| **Trade payables** | | | |
| - to suppliers | 26,830 | 29,515 | (2,685) |
| - to stables, jockeys and bookies | 148 | 153 | (5) |
| - to foreign suppliers | 1,268 | 3,798 | (2,530) |
| - advances paid to suppliers | (1,873) | (969) | (904) |
| - credit notes to be received | (233) | (298) | 65 |
| - to affiliate Connext S.r.l. | 0 | 186 | (186) |
| **Total trade payables** | **26,140** | **32,385** | **(6,245)** |

**32. Overdue accounts payable**

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

(amounts in thousands of Euro)

| Current liabilities | Balance as at 30.06.2015 | of which due on 30.06.2015 |
|---|---|---|
| Financial payables | 2,724 | - |
| Trade payables | 26,140 | 5,884 |
| Tax payables | 22,728 | - |
| Payables to social security institutions | 3,345 | 470 |
| Other payables | 91,189 | 59 |
| | **146,126** | **6,413** |

The amounts that were overdue as at 30 June 2015, amounting to Euro 6,413 thousand, are broken down as follows:

- Euro 5,884 thousand were related to trade payables and to the normal transactions with suppliers of services and materials; these amounts were mostly paid after 30 June 2015. In certain cases, a new due date has been set. To the present date, no supplier has taken any initiatives in response;
- Euro 470 thousand were related to payables to social security institutions for social security contributions not paid by the subsidiary Finscom S.r.l..

**33. Share based payments**

On 29 April 2014, the Shareholders' Meeting of SNAI S.p.A. approved, among other things, the proposal for the remuneration plan pursuant to article pursuant to Art. 114-bis of Law Decree 58/98 regarding a Remuneration Instrument for the former Chairman and Managing Director Giorgio Sandi.
This Plan included a one-off, extraordinary bonus, in cash (the "Cash Bonus") or shares (the "Share-Based Bonus" and the Cash Bonus, together the "Extraordinary Bonus"), upon occurrence of some events connected with the Company's change of control.

It should be noted that change of control means the direct or indirect acquisition, by a natural or legal person, who, individually or together with other entities acting together with it pursuant to article 109 of the Consolidated Law on Finance (TUF), becomes the shareholder holding, directly or indirectly, the highest number of Company shares.

I. As regards the Cash Bonus, it would have been paid by the Company in the event that an entity, other than the current controlling shareholder of SNAI made, by 31 December 2021, a tender offer, whether voluntary or mandatory, on the Company's shares (the "**OPA**" [public offering]) due to which, or upon conclusion of which, an exchange of control took place.

II. The Share-based Bonus would have been paid by the Company if, by 31 December 2021,
- the Company carried out a merger (the "**Merger**") upon conclusion of which an exchange of control took place;
- the Company carried out a share capital increase upon conclusion of which an exchange of control took place (the "**Increase**");
- an entity other than the current controlling shareholder of SNAI made an exchange tender offer on the Company's shares ("**OPS**") due to, or upon conclusion of which, an exchange of control took place.

Upon fulfilment of the Conditions, the Extraordinary Bonus would have been attributed exclusively in the event the price per SNAI share were equal to, or higher than Euro 4.1. In that case, the extent of the Cash Bonus or the Share-based Bonus would have been determined based on the following table:

| The price of SNAI shares | Amount of the bonus |
|---|---|
| Less than €4.1/share | 0 |
| From €4.1/share (included) up to € 5.65/share | 2% of SNAI's capitalisation |
| From €5.65/share (included) up to € 6.40/share | 2.33% of SNAI's capitalisation |
| From €6.40/share (included) up to € 7.20/share | 2.67% of SNAI's capitalisation |
| For a price equal to or higher than €7.20/share | 3.0% of SNAI's capitalisation |

The original draft of the agreement envisaged that, if the work relationship between the Director and the Company ceased due to death or permanent invalidity, or without just cause, or due to failure to renew the office, subsequently to the approval of the financial statements for the period ended 31 December 2015, the Managing Director would have been entitled to a portion of the Cash Bonus or the Share-based Bonus, always provided the conditions above were fulfilled, and it would have been determined according to different percentages.
As described in paragraph 41.1, on 12 July 2105, the former Chairman and Managing Director Giorgio Sandi resigned from all his offices in SNAI.
The Company agreed with Mr. Giorgio Sandi an aggregate gross and final amount of Euro 900,000. This amount was to be deemed as final settlement of any amount due to Giorgio Sandi with respect to his offices held within the SNAI Group.
The amount of Euro 900,000 thousand was calculated taking account of the remuneration that Giorgio Sandi (as SNAI's Chairman and Managing Director) would have been entitled to receive up to the natural expiration of the office (i.e. until the Shareholders' Meeting for the approval of the financial statements as at 31 December 2015), while partially increasing the total amount against the waive of Giorgio Sand as regards any and all share-based plan and stock option subscribed with SNAI and/or any shareholder, as well as according to the contribution given by Giorgio Sandi during these years and his willingness to find a shared solution for the termination of any relationship with the SNAI Group.
Giorgio Sandi undertook a non-competition obligation for a period of three years.
Giorgio Sandi will be entitled of no other benefit (cash or in kind) in relation to the termination of his offices.
The fair value of this instrument on the assignment date was equal to Euro 4,454 thousand. As at 30 June 2015, the fair value of the instrument, calculated by excluding the impact determined by the above-mentioned events, amounted to Euro 2,314 thousand.
The Liability as at 30 June 2015, that would have been charged to the accounts, was equal to Euro 376 thousand. By virtue of the resignation of the assignee of the instrument and the above-mentioned contract arrangements, no cost or liability was recorded in the financial statements ended 30 June 2015.
The gross total remuneration, defined as Euro 900 thousand, will be recognised in the financial statements in the second half of 2015.

**34. Financial commitments**

In addition to what is stated regarding financial liabilities, the Group has undergone financial commitments related to the granting of guarantees for a total amount of Euro 128,638 thousand as at 30 June 2015 (Euro 128,064 thousand as at 31 December 2014).
As regards values disclosed in the financial statements as at 31 December 2014, the changes occurred in financial commitments are disclosed hereunder:

| Bank | Beneficiary | Subject matter of the guarantee | Increases/(Decreases) as at 30.06.2015 (thousands of euro) |
|---|---|---|---|
| UNICREDIT | ADM | To guarantee a correct performance of operations and functions under concession, the prompt and correct payment of tax, concession fees and or any other gains, as set forth by regulations on legal gaming, as well as the fulfilment of any obligations with respect to players. | 3,541 |
| UNICREDIT | ADM | To guarantee the opening of shops and sports betting points and activation of on-line sports gaming for the 2006 tender concessions. | 818 |
| BANCA DI CREDITO COOPERATIVO DI CAMBIANO (FORMER BINTER) | ADM | To guarantee a correct performance of operations and functions under concession, the prompt and correct payment of tax, concession fees and or any other gains, as set forth by regulations on legal gaming, as well as the fulfilment of any obligations with respect to players. | 649 |
| BANCA DI CREDITO COOPERATIVO DI CAMBIANO | EURONET PAY & TRANSACTION SERVICE SRL | Wind's phone top-ups | 150 |
| UNICREDIT | ADM | For the timely and exact payment of PREU and security deposit | 128 |
| UNICREDIT | MINISTRY OF AGRICULTURE, FOODSTUFF AND FORESTRY POLICIES | For the management of plants and services related to the organization of horse races and the TV broadcasting related to races in the San Siro and Trotto racetracks in Milan for the 2015 season. | 96 |
| UNICREDIT | MINISTRY OF AGRICULTURE, FOODSTUFF AND FORESTRY POLICIES | For the management of plants and services related to the organization of horse races and the TV broadcasting related to races in the Montecatini Sesana racetrack for the 2015 season. | 27 |
| BANCA DI CREDITO COOPERATIVO DI CAMBIANO | TISCALI ITALIA SPA | Tiscali's phone top-ups | 20 |
| UNICREDIT | CONSEJERIA DE HACIENDA DE LA COMUNIDAD DE MADRID | To guarantee the registration in the Gaming general register in the Madrid region. | (3) |
| UNICREDIT | POSTEMOBILE SPA | To guarantee the exact fulfilment of all the obligations undertaken with the contract for the provision of mobile telephone recharges | (40) |
| UNICREDIT | CONSEJERIA DE HACIENDA DE LA COMUNIDAD DE MADRID | To guarantee the registration in the Gaming general register in the Madrid region. | (60) |
| UNICREDIT | ADM | ADM On-line games | (115) |
| UNICREDIT | ADM | As a guarantee securing the opening of horse racing gaming stores and points and the activation of on-line horse race gaming in connection with the horse racing concessions granted under the 2006 tender procedure | (340) |
| BANCA DI CREDITO COOPERATIVO DI CAMBIANO | VODAFONE OMNITEL B.V. | To guarantee prompt and entire fulfilment of obligations related to the agreement | (400) |
| UNICREDIT | ADM | Guarantee securing the concession for the acceptance of horse race bets | (896) |
| UNICREDIT | MEDIOCREDITO ITALIANO Spa | Tim's phone top-ups | (3,000) |
| **Total** | | | **575** |

**35. Related Parties**

The Consob Notice 6064293 of 28 July 2006 requires that, in addition to the disclosures required by IAS (International Accounting Standard) 24: “Related Party Disclosures”, disclosures are provided on the impact on the earnings, net worth and financial position of the transactions or positions with related parties as classified by IAS 24.

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

Certain SNAI Group companies have accounts with Banca MPS, Intesa San Paolo, Poste Italiane and Banco Popolare Società Cooperativa, which may be considered related parties in that they are companies in which SNAI S.p.A. shareholders have equity interests.
Such transactions are considered to be in the interest of the Group, are part of the ordinary course of business and are subject to the terms and conditions of the market.

It should be noted that the Senior Secured Notes and the Senior Revolving Facility are also backed by a pledge on SNAI shares, issued by a majority shareholder of the Company. The related security agreement between SNAI S.p.A. and the majority shareholder was submitted to the favourable binding opinion by the SNAI Related Party Committee.

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

| thousands of Euro | **30.06.2015** | **% Impact** | **31.12.2014** | **% Impact** |
|---|---|---|---|---|
| **Other current assets:** | | | | |
| - from Alfea S.p.A. | - | 0.00% | 1 | 0.00% |
| | **-** | **0.00%** | **1** | **0.00%** |
| **Total Assets** | **-** | **0.00%** | **1** | **0.00%** |
| **Trade payables:** | | | | |
| - to companies related to directors of SNAI S.p.A. | 3 | 0.01% | 15 | 0.05% |
| - to Connext S.r.l. in liquidation | - | 0.00% | 186 | 0.57% |
| | **3** | **0.01%** | **201** | **0.62%** |
| **Other current liabilities:** | | | | |
| - to directors of Teleippica S.r.l. | - | 0.00% | 1 | 0.00% |
| - to Global Games S.p.A. | 2 | 0.00% | - | 0.00% |
| - to Teseo S.r.l. in liquidation | 383 | 0.32% | 483 | 0.53% |
| | **385** | **0.32%** | **484** | **0.53%** |
| **Total Liabilities** | **388** | **0.06%** | **685** | **0.10%** |

Assets are stated net of the related provision.

The following table shows the items vis-à-vis related parties having an impact on the income statement:

**Half-year I 2015**

| thousands of Euro | **Half-year I 2015** | **% Impact** | **Half-year I 2014** | **% Impact** |
|---|---|---|---|---|
| **Revenues from services and chargebacks:** | | | | |
| - to companies related to directors of SNAI S.p.A. | 2 | 0.00% | | 0.00% |
| | **2** | **0.00%** | **-** | **0.00%** |
| **Other revenues** | | | | |
| - to companies related to directors of SNAI S.p.A. | - | 0.00% | 1 | 0.25% |
| - to Global Games S.p.A. | 2 | 0.01% | 3 | 0.76% |
| | **2** | **0.01%** | **4** | **1.01%** |
| **Total revenues** | **4** | **0.00%** | **4** | **1.01%** |
| **Costs for services and chargebacks:** | | | | |
| - from companies related to directors of SNAI S.p.A. | 4 | 0.00% | 2 | 0.00% |
| - to directors of Teleippica S.r.l. | 42 | 0.02% | 41 | 0.02% |
| - to directors and companies related to Finscom S.r.l. | 39 | 0.02% | - | 0.00% |
| - from Connext S.r.l. in liquidation | - | 0.00% | 300 | 0.17% |
| | **85** | **0.04%** | **343** | **0.19%** |

| | | | | |
|---|---|---|---|---|
| **Other operating costs:** | | | | |
| - from companies related to directors of SNAI S.p.A. | 6 | 0.03% | 6 | 0.04% |
| - from Connext S.r.l. in liquidation | - | 0.00% | 2 | 0.01% |
| | **6** | **0.03%** | **8** | **0.05%** |
| **Total costs** | **91** | **0.05%** | **351** | **0.18%** |

**QII 2015**

| thousands of Euro | QII 2015 | % Impact | QII 2014 | % Impact |
|---|---|---|---|---|
| **Revenues from services and chargebacks:** | | | | |
| - to companies related to directors of SNAI S.p.A. | 1 | 0.00% | - | 0.00% |
| | **1** | **0.00%** | **-** | **0.00%** |
| **Other revenues** | | | | |
| - from companies related to directors of SNAI S.p.A. | | 0.00% | 1 | 0.48% |
| - to Global Games S.p.A. | 1 | 0.11% | 2 | 0.95% |
| | **1** | **0.11%** | **3** | **1.43%** |
| **Total revenues** | **2** | **0.00%** | **3** | **1.43%** |
| **Costs for services and chargebacks:** | | | | |
| - from companies related to directors of SNAI S.p.A. | 2 | 0.00% | 1 | 0.00% |
| - to directors of Teleippica S.r.l. | 22 | 0.02% | 21 | 0.02% |
| - to directors and companies related to Finscom S.r.l. | 39 | 0.04% | - | 0.00% |
| - from Connext S.r.l. in liquidation | - | 0.00% | 150 | 0.17% |
| | **63** | **0.07%** | **172** | **0.19%** |
| **Other operating costs:** | | | | |
| - from companies related to directors of SNAI S.p.A. | 3 | 0.03% | 3 | 0.03% |
| - from Connext S.r.l. in liquidation | - | 0.00% | 1 | 0.01% |
| | **3** | **0.03%** | **4** | **0.04%** |
| **Total costs** | **66** | **0.07%** | **176** | **0.18%** |

Revenues from services and charge backs and other income impacted the EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) in the amount of 0.01% in the first half of 2015 and 2014, whereas the total income impacted the profit/(loss) for the first half of 2015 in the amount of 1.20% (0.06% in the first half of 2014).
Costs for raw materials and consumables, services and charge backs and other operating costs affected the EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) in the amount of 0.15% in the first half of 2015 (0.66% in the first half of 2014), whereas total costs affected the profit/(loss) for the first half of 2015 in the amount of 27.25% (5.03% in the first half of 2014).

As required by CONSOB's Notice ref. 10084105 of 13 October 2010, the following table shows relations with related parties of the Parent Company SNAI S.p.A. as at 30 June 2015.

| thousands of Euro | 30.06.2015 | 31.12.2014 |
|---|---|---|
| **Trade receivables:** | | |
| - from Società Trenno S.r.l. | 218 | 218 |
| - from Finscom S.r.l. | 1,099 | - |
| - from Festa S.r.l. | - | 2 |
| - from Teleippica S.r.l. | 73 | 70 |
| **Total trade receivables** | **1,390** | **290** |
| **Other current assets:** | | |
| - from Società Trenno S.r.l. | - | 65 |
| - from Festa S.r.l. | - | 1,197 |
| - from Immobiliare Valcarenga S.r.l. | - | 86 |
| - from Teleippica S.r.l. | 1,659 | 1,468 |
| - from Alfea S.p.A. | - | 1 |
| **Total other current assets** | **1,659** | **2,817** |

| | | |
|---|---|---|
| **Financial receivables:** | | |
| - from Società Trenno S.r.l. | 5,479 | 2,614 |
| - from Snai Rete Italia S.r.l. | 2,553 | - |
| **Total financial receivables** | **8,032** | **2,614** |
| **Total Assets** | **11,081** | **5,721** |
| **Trade payables:** | | |
| - to companies related to directors | 3 | 15 |
| - to Società Trenno S.r.l. | 195 | 141 |
| - to Festa S.r.l. | - | 3 |
| - to Teleippica S.r.l. | 330 | 330 |
| - to Connext S.r.l. in liquidation | - | 183 |
| **Total trade payables** | **528** | **672** |
| **Other current liabilities** | | |
| - to Global Games S.p.A. | 2 | - |
| - to Società Trenno S.r.l. | 5,793 | 5,722 |
| - to Snai Rete Italia S.r.l. | 1 | - |
| - to Festa S.r.l. | - | 547 |
| - to Teleippica S.r.l. | 9 | - |
| - to Teseo S.r.l. in liquidation | 383 | 483 |
| **Total other current liabilities** | **6,188** | **6,752** |
| **Current financial payables:** | | |
| - to Festa S.r.l. | - | 3,066 |
| - to Immobiliare Valcarenga S.r.l. | - | 255 |
| - to Teleippica S.r.l. | 7,365 | 1,612 |
| **Total current financial payables** | **7,365** | **4,933** |
| **Total Liabilities** | **14,081** | **12,357** |

Assets are stated net of the related provision.

| thousands of Euro | **Half-year I 2015** | **Half-year I 2014** |
|---|---|---|
| **Revenues from services and chargebacks:** | | |
| - from companies related to directors | 2 | - |
| - from Società Trenno S.r.l. | 119 | 114 |
| - from Finscom S.r.l. | 4 | - |
| - from Teleippica S.r.l. | 34 | - |
| **Total revenues from services and chargebacks** | **159** | **114** |
| **Other revenues** | | |
| - from companies related to directors | - | 1 |
| - from Global Games S.p.A. | 2 | 3 |
| - from Società Trenno S.r.l. | 243 | 171 |
| - from Festa S.r.l. | - | 62 |
| - from Immobiliare Valcarenga S.r.l. | - | 6 |
| - from Teleippica S.r.l. | 255 | 252 |
| **Total other revenues** | **500** | **495** |
| **Interest income:** | | |
| - from Società Trenno S.r.l. | 118 | 180 |
| - from Snai Rete Italia S.r.l. | 52 | - |
| - from Teleippica S.r.l. | 2 | 140 |
| **Total interest income** | **172** | **320** |
| **Total revenues** | **831** | **929** |
| **Costs for services and chargebacks:** | | |
| - from companies related to shareholders and directors | 4 | 2 |
| - from Società Trenno S.r.l. | 227 | 200 |
| - from Finscom S.r.l. | 280 | - |
| - from Festa S.r.l. | - | 2,847 |

| | | | |
|---|---|---|---|
| - from Teleippica S.r.l. | | 1,505 | 1,511 |
| - from Connext S.r.l. | | - | 300 |
| **Total costs for services and chargebacks** | | **2,016** | **4,860** |
| **Costs of seconded personnel** | | | |
| - from Festa S.r.l. | | - | 15 |
| **Total costs of seconded personnel** | | **-** | **15** |
| **Other operating costs** | | | |
| - from companies related to shareholders and directors | | 6 | 6 |
| - from Finscom S.r.l. | | 13 | - |
| - from Società Trenno S.r.l. | - | 1 | 2 |
| **Total other operating costs** | | **18** | **8** |
| **Interest expense and fees** | | | |
| Interest expense to Festa S.r.l. | | - | 43 |
| Interest expense to Immobiliare Valcarenga S.r.l. | | - | 8 |
| Interest expense to Teleippica S.r.l. | | 144 | - |
| **Total interest expense and fees** | | **144** | **51** |
| **Total costs** | | **2,178** | **4,934** |

### 36. Financial risk management

The Group had financial liabilities principally comprising bond loans and financial leases. Such contracts are medium- to long-term.
On 8 November 2013, SNAI S.p.A. has issued a non-subordinated, non-convertible and unsecured facility for a total principal of Euro 35,000 thousand, divided in two series of bonds ("Facility A" and "Facility B"), the issue of which was resolved on 5 November 2013 by the Company's Board of Directors. The "Facility A" bonds were issued in the amount of 15,000 thousand and "Facility B" bonds were issued in the amount of 20,000 thousand. The Class A bonds, were repaid on 4 December 2013 and on 5 May 2015 Class B bonds were entirely repaid.

On 4 December 2013, SNAI S.p.A. issued a Bond Loan for a total amount of Euro 480,000 thousand and with the following characteristics: Euro 320,000 thousand bearing a 7.625% interest and denominated as Senior Secured Notes, with maturity term on 15 June 2018, and Euro 160,000 thousand bearing a 12.00% interest and denominated as Senior Subordinated Notes with maturity term on 15 December 2018.

Gains on Bonds have been used by the parent company to (i) refinance a portion of the bank debt through the redemption of the medium/long-term loan granted to the Company by a pool of banks in 2011, as well as some hedging derivatives, (ii) reimburse Facility A Bonds issued by SNAI S.p.A. on 8 November 2013.
On 27 November 2013, SNAI entered, as receiving party, a revolving loan contract amounting to Euro 30,000 thousand with UniCredit Bank AG, Milan branch, as agent and security agent and, among others, Deutsche Bank S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A. as lending banks. The Senior Revolving Facility had not been used as at 30 June 2015.
The Group's policy is to reduce to the extent possible its use of interest-bearing credit to fund its ordinary operations, reduce the collection periods for its trade receivables, to arrange timings and means of deferment in respect of trade creditors, and to plan and diversify the payment terms for its investments.

**Financial Derivatives**
As of 31 December 2012, the Group had two derivative instruments (interest rate swaps) in place, which were entered into to hedge the interest rate risk connected with the facility provided by Unicredit S.p.A., Banca IMI S.p.A. and Deutsche Bank S.p.A. The Group has elected to account for those derivatives under hedge accounting, as cash flow hedges in accordance with the rules of IAS 39.
The derivatives used by the SNAI Group for hedging purposes were redeemed during refinancing. Upon redemption, derivatives showed a fair value of Euro 6,094 thousand and a cash flow hedge reserve in the same amount.

In accordance with IAS 39, the Group will recognise the utilisation of the cash flow hedge reserve until its natural expiration (31 December 2015).
The following table shows the movements in the cash flow hedge reserve in the first half of 2015 (amounts in thousands of Euro):

| Cash Flow Hedge reserve - Interest rate risk | 30.06.2015 |
|---|---|
| **Initial reserve** | **(2,124)** |
| Positive (+) / negative (-) changes in reserve for recognition of hedge effectiveness | 0 |
| Positive (+) / negative (-) reclassifications to income statement for cash flows which affected the income statement | 1,062 |
| **Final reserve** | **(1,062)** |

**Liquidity Risk**

Liquidity risk is defined as the possibility that the Group is unable to settle its payment commitments as a result of an inability to obtain new funds (funding liquidity risk), to sell assets in the market (asset liquidity risk), or is obliged to incur very high costs in order to settle those commitments. The Group's exposure to such risk is linked principally to the commitments under the loan transaction entered into in December 2013 with the issue of bond loans and the entering of a revolving facility unused as of 30 June 2015.

**Interest Rate Risk**

The Group is exposed to interest rate risk in connection with the financial assets/liabilities related to its core operations; defined as the possibility that a loss may occur in its financial management, in terms of a lower return from an asset or an increased cost of an (existing or potential) liability, as a result of fluctuations in interest rates.

The interest rate risk therefore represents the uncertainty associated with the trend of interest rates.

As at 30 June 2015, the Group was not subject to interest rate risk as bond loans are at a fixed rate. The aim of the Group's interest rate risk management is to protect the Group's financial spread against changes in market rates, by keeping volatility in check and maintaining consistency between the risk profile and the return on financial assets and liabilities.

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

**Credit risk**

In order to reduce and monitor credit risk, the SNAI Group has adopted organisational policies and instruments precisely for that purpose.

Potential relationships with debtors are always subjected to reliability analysis prior to the event, through the use of information from leading credit rating companies. The analyses obtained are appropriately supplemented with such information as is available within the Group, resulting in a reliability assessment. This assessment is subject to review on a regular basis or, where appropriate, wherever new information emerges.

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

A number of relationships with debtors are initially secured with guarantees or deposits, granted in favour of the Group on the basis of reliability assessments.

Established relationships are monitored on a regular, on-going basis by a specific department, which liaises with the various other departments involved.

The receivables are regularly subjected to in-depth assessments. In particular, receivables are shown net of the relevant provisions for doubtful receivables. Accruals to the provision for doubtful receivables are recorded where there is objective evidence of difficulty in the Company's recovery of the receivable. Receivables which are considered to be no longer recoverable are fully written off.

In relation to the above-mentioned receivables, the maximum exposure to credit risk, without taking into account any security that may be held or other instruments that may mitigate credit risk, is represented by their fair value.

The risk regarding the Group's other financial assets is in line with market conditions.

**Exchange rate risk**

None of the Group's operations constitute any significant exposure to exchange rate risk.

**Capital management**

The capital management of the Group aims at guaranteeing a solid credit rating and adequate levels of capital and debt ratios in order to support its operations and its future investment plans, while continuing to fulfil its contractual obligations with lenders.

The Group is subject to contractual restrictions in its loan agreements as regards distribution of dividends to its shareholders and issue of new shares.

The Group has analysed its capital in terms of net debt ratio, i.e. the ratio of net debt to shareholders' equity plus net debt. It is the Group's policy to seek to maintain a ratio of between 0.3 and 1.0.

| thousands of Euro | 30.06.2015 | 31.12.2014 |
|---|---|---|
| Interest-bearing loans | 468,534 | 487,660 |
| Non-interest-bearing loans | 32 | 32 |
| Financial liabilities | 468,566 | 487,692 |
| Trade payables and other liabilities | 147,898 | 125,838 |
| Financial Assets | (21,492) | (20,907) |
| Cash and cash equivalents | (75,971) | (68,629) |
| **Net debt** | **519,001** | **523,994** |
| Shareholders' equity | 49,387 | 48,101 |
| **Total Shareholders' Equity** | **49,387** | **48,101** |
| **Shareholders' Equity and net debt** | **568,388** | **572,095** |
| **Net debt/(shareholders' equity and net debt) ratio** | 91.3% | 91.6% |

### 37. Significant non-recurring events and transactions

In the first half of 2015, non-recurring costs and revenues, as defined by Consob Resolution No. 15519 of 27 July 2006, as being those "components of income (positive and/or negative) deriving from non-recurring events or transactions (i.e. those transactions or events that are not frequently repeated in the ordinary course of business"), amounted to Euro 26,208 thousand, including:

- Euro 27,457 thousand, are related to the transaction, finalised on 19 February 2015, between SNAI, on the one part, and Barcrest Group Limited and The Global Draw Limited, on the other part, with their parent company Scientific Games Corporation, to settle a number of pending issues between the parties following the well-known events occurred in April 2012. As regards this transaction, SNAI waived the actions in the Roman case that, at the same date, following the joint request submitted by the parties, was declared cancelled, with legal expenses offset, and reached an agreement with the above companies on pending cases and the payment of damages and costs already borne, including some guarantees on the cases themselves;
- Euro 1,030 thousand related to costs borne for the conclusion of the above-mentioned agreement.

### 38. Events or transactions arising from atypical and/or unusual transactions

No atypical and/or unusual operations took place during the first half of 2015.

### 39. Group structure

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

**Significant shareholdings in subsidiaries**

| | Percentage held | | |
|---|---|---|---|
| | 30.06.2015 | 31.12.2014 | 30.06.2014 |
| IMMOBILIARE VALCARENGA S.r.l. held by a sole quotaholder | 0 | 100 | 100 |
| FESTA S.r.l. held by a sole quotaholder | 0 | 100 | 100 |
| Società Trenno S.r.l. held by a sole quotaholder | 100 | 100 | 100 |
| SNAI Olè S.A. in liquidation | 0 | 100 | 100 |
| Teleippica S.r.l. | 100 | 100 | 100 |
| SNAI Rete Italia S.r.l. | 100 | 0 | 0 |
| Finscom S.r.l. | 100 | 0 | 0 |

On 24 November 2014, the merger deed was signed envisaging the incorporation into SNAI S.p.A. of the entirely controlled companies Festa S.r.l., held by a sole quotaholder and Immobiliare Valcarenga S.r.l. held by a sole quotaholder, in execution of the merger resolutions made by the competent bodies of the aforesaid companies on 28 and 31 July 2014, respectively. The merger was effective on 1 January 2015, after registration of the deed in the competent Company's Registers. Also accounting and tax effects became effective on that date. The merger had no impact on the consolidated financial statements as it was an intercompany transaction.

On 18 December 2014, the "winding-up and liquidation" deed was signed before the Notary Joaquin Vincente Calvo Saavedra. The deed was recorded in the Trade Register in view of the following write-off of the company. The company was written off from the Trade Register on 25 February 2015.

On 3 April 2015, the new company named SNAI Rete Italia S.r.l., 100% owned by SNAI S.p.A., was incorporated with share capital of Euro 10 thousand, also aimed at the acquisition of shareholdings in companies managing sales points, as well as at the centralisation and management of direct sales points.

On 1 April 2015, SNAI S.p.A. ("SNAI") entered with Finscom S.r.l., in liquidation, ("Finscom") and the shareholders of Finscom, a Debt Restructuring Agreement, pursuant to Art. 67, par. 3, lett. d) of the Bankruptcy Law. In execution of the aforesaid agreement, an extraordinary shareholders' meeting of Finscom was held on 8 April 2015. The meeting resolved on the following: (i) settlement of losses and re-establishment of Finscom's share capital (Euro 25,000.00), partly through the corresponding waive of some amounts receivable and partly through the increase of the share capital reserved to SNAI and SNAI Rete Italia S.r.l. (subject indicated by SNAI pursuant to the Debt Restructuring Agreement), as well as (ii) the revocation of the liquidation position of Finscom. Following the waive by Finscom's shareholders to their right of subscribe the reserved share capital increase as per Art.2481-bis of the Italian Civil Code, SNAI subscribed and released the reserved share capital increase by offsetting the amounts receivable from Finscom with the entire principal (total amount of Euro 2,662,145.02). SNAI Rete Italia S.r.l. subscribed and released the reserved share capital increase through the payment in cash of Euro 2,363,438.09. At the end of the aforesaid transactions, Finscom's share capital was now entirely held by the new shareholders SNAI and SNAI Rete Italia S.r.l., in the percentage of 52.97% and 47.03%, respectively.

The composition of the whole group, and the consolidation methods used, are set forth in Schedule 1.

**40. Net financial position**

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

| **thousands of Euro** | **30.06.2015** | **31.12.2014** |
|---|---|---|
| A. Cash on hand | 289 | 203 |
| B. Other cash and cash equivalents | 75,682 | 68,426 |
| *bank accounts* | *75,082* | *68,100* |
| *postal accounts* | *600* | *326* |
| C. Securities held for trading | 1 | 1 |
| **D. Liquidity (A) + (B) + (C)** | **75,972** | **68,630** |
| **E. Current financial receivables** | **0** | **0** |
| - escrow account | 0 | 0 |
| F. Current bank debts | 38 | 40 |
| G. Current portion of non-current indebtedness | 0 | 19,552 |
| H. Other current financial payables | 2,686 | 3,331 |
| - for interest on bond loans | 1,817 | 2,148 |
| - for acquisition of sports and horse racing concessions | 32 | 32 |
| - to other lenders | 837 | 1,151 |
| **I. Current financial indebtedness (F) + (G) + (H)** | **2,724** | **22,923** |
| **J. Net current financial indebtedness (I) - (E) -(D)** | **(73,248)** | **(45,707)** |
| K. Non-current bank debts | 0 | 0 |
| L. Bonds issued | 464,986 | 463,561 |
| M. Other non-current payables | 856 | 1,208 |
| - to other lenders | 856 | 1,208 |
| **N. Non-current financial indebtedness (K) +(L) + (M)** | **465,842** | **464,769** |
| **O. Net financial indebtedness (J) + (N)** | **392,594** | **419,062** |

The net financial position does not include the term-deposit bank accounts or unavailable account balances in the amount of Euro 19,718 thousand, classified under item "current financial assets" on the balance sheet (see Note 21). Furthermore, the non-current financial assets, equal to Euro 1,773 thousand, are not included (see Note 21).

With respect to the net financial indebtedness as at 31 December 2014, the net financial debt decreased by Euro 26,468 thousand. The decrease is primarily due to the positive contribution attributable to the transaction for the amicable settlement of the dispute between SNAI, on the one hand, and Barcrest Group Limited, The Global Draw Limited and their parent company Scientific Games Corporation on the other hand, in addition to the repayment of the ADI guarantee deposit for 2014, mitigated by the unfavourable performance of ordinary business in the reference half-year.

As required by CONSOB's notice ref. 10084105 of 13 October 2010, the following table shows the Parent Company **SNAI S.p.A.**'s net financial position.

| | thousands of Euro | 30.06.2015 | 31.12.2014 |
|---|---|---|---|
| A. | Cash on hand | 95 | 155 |
| B. | Other cash and cash equivalents | 73,531 | 66,766 |
| | *banks* | 72,931 | 66,440 |
| | *postal accounts* | 600 | 326 |
| C. | Securities held for trading | 1 | 1 |
| **D.** | **Liquidity (A)+(B)+(C)** | **73,627** | **66,922** |
| E. | Current financial receivables | 8,031 | 2,615 |
| | - financial current account with subsidiaries | 8,031 | 2,615 |
| F. | Current bank debts | 38 | 40 |
| G. | Current portion of non-current indebtedness | | 19,552 |
| H. | Other current financial payables: | 10,051 | 8,263 |
| | - for interest on bond loans | 1,817 | 2,148 |
| | - financial current account with subsidiaries | 7,365 | 4,932 |
| | - for acquisition of sports and horseracing concessions | 32 | 32 |
| | - to other lenders | 837 | 1,151 |
| **I** | **Current financial indebtedness (F)+(G)+(H)** | **10,089** | **27,855** |
| **J** | **Net current financial indebtedness (I)-(E)-(D)** | **(71,569)** | **(41,682)** |
| K. | Non-current bank debts | 0 | 0 |
| L | Bonds issued | 464,986 | 463,561 |
| M. | Other non-current payables: | 856 | 1,208 |
| | - to other lenders | 856 | 1,208 |
| **N.** | **Non-current financial indebtedness (K)+(L)+(M)** | **465,842** | **464,769** |
| **O** | **Net financial indebtedness (J) + (N)** | **394,273** | **423,087** |

The net financial position does not include the term-deposit bank accounts or unavailable account balances in the amount of Euro 19,718 thousand, while non-current financial assets are not included.

### 40.1 Covenants

As is customary for loans of this kind, outstanding Loan Agreements (revolving credit line and bond loans), as described in Note 28, prescribe a number of obligations for the Group.

The above-mentioned agreements provide, in accordance with common practice in similar transactions, that the Company undertakes commitments aimed at safeguarding the credit position of financing entities. Amongst these provisions are the restrictions in distributing dividends until the due term of bonds loans, restrictions on the early repayment of bonds, in taking on financial indebtedness and in making specific investments and disposing of corporate assets and properties. Events of default are also specified, which may make it necessary for the lenders to demand early repayment.

SNAI S.p.A. has also undertaken to comply with financial parameters under agreements signed with Unicredit S.p.A., Banca IMI S.p.A and Deutsche Bank S.p.A. relating to a Senior Revolving loan for a total initial amount of Euro 30 million (for more information see Note 28).
In particular, we refer to the requirement to maintain a given minimum level of "Consolidated Pro-Forma EBITDA". "Consolidated Pro-Forma EBITDA" is defined in the loan agreement and indicates the consolidated earnings before interest, taxation, amortisation, depreciation and all extraordinary and non-recurring items.

SNAI S.p.A. is also obliged to provide its lenders periodic information on its cash flows and income, and key performance indicators, regarding the SNAI Group, including, amongst other, EBITDA and net financial indebtedness.

It is noted that, as at 30 June 2015, the Group was compliant with commitments and covenants.

## 41. Events occurred after the period

### 41.1 Events related to the Board of Directors

Effective on 9 July 2105, the Director Stefania Rossini resigned from her office.
The Company's Board of Directors met on 9 July 2015 and assigned the office, by co-optation, to Gabriele Del Torchio until the next Shareholders' Meeting.
Effective on 12 July 2015, the Director Giorgio Sandi (Chairman and Managing Director) resigned from his offices and waived all his powers.
The Board of Directors, held on 13 July 2015, assigned the office of Chairman of the Board of Directors and Managing Director to Del Torchio, while assigning him the same powers already conferred to Mr. Sandi.

**41.2 New developments to the case related to the SIS S.r.l. operator in liquidation**
The offer of SNAI S.p.A. was deemed as the most convenient and, after receiving the authorisation from the Court of Rome on 23 June 2015, the rental and transfer agreement of the company of SIS (substantially equal to the offer) was signed on 7 July 2015 before the Notary Giorgio Perrotta in Rome, between SNAI S.p.A. and SNAI Rete Italia S.r.l. (on the one part) and SIS (on the other part). The effectiveness of the rental and transfer agreement of the company of SIS was deferred until conclusion of consultations as per Art. 47, par. 1 of Law 428/1990, functional to the rental and subsequent transfer of the Business Segment.

**41.3 Signature of the agreement for the merger of the Cogemat/Cogetech Group with the SNAI Group**
On 13 July 2015, after the proposal made by OI Games S.A. e OI Games 2 S.A ("**Majority Shareholders**") - accepted on 5 May by SNAI -.the favourable opinion of SNAI's related party committee and the positive outcome of the due diligence, the investment agreement was signed between SNAI, Majority Shareholders and International Entertainment S.A. (50% shareholder of OI Games 2 S.A., equally with OI Games S.A.) on the merger of the assets of the Cogemat/Cogetech Group with the assets of the SNAI Group through a transfer into SNAI's share capital.
The investment agreement envisaged that the transfer into SNAI involved at least the equity investments of the Majority Shareholders in Cogemat (equal to 75.25% of the related share capital), with the possibility for all the other shareholders in Cogemat (24.75% of the share capital) to adhere to the investment agreement within 5 August 2015. On 13 July 2015, some shareholders of Cogemat, holding in aggregate 13.31% of Cogemat share capital, already adhered to the agreement, effective on 6 August 2015.
While assuming the transfer of Cogemat entire share capital, after the actual merger, the current shareholders of Cogemat will hold 71,602,410 newly issued SNAI shares (38% of the share capital after the share capital increase, functional to the transfer).
It is foreseeable that - in case the conditions precedent set out in the investment agreements occur (including the issue of the authorisation by the Antitrust Authorities and the Customs and Monopoly Agency, and the issue of the consistency notice by the auditing company) - the merger transaction can be finalised within September 2015 and will be fully effective by October 2015. The admission request to the listing of newly issued SNAI shares should be made within the end of this year.
The merger transaction will create a first listed pole in Italy, dedicated to entertainment and will allow the new SNAI Group to become the Italian leader of gaming not under monopoly regime, thus consolidating its position in the gaming machines segment. In this segment, the company will be co-leader in the market with a share higher than 15%, thus strengthening the Group leadership in the segment of horse race and sports betting.

**41.4 Issue of a non-convertible, guaranteed, senior bond loan**
On 20 July 2015, the Board of Directors of SNAI S.p.A. approved the issue of a non-convertible, guaranteed, senior bond loan for a total principal up to Euro 110 million, with maturity term estimated on 15 June 2018.
The Bonds, reserved to qualified investors, will be listed at one or more regulated markets or in one or more Italian or European multilateral systems.
As regards the merger with the Cogemat Group, revenues resulting from the issue of Bonds will be used by the Company for the partial early cash repayment of payables resulting from some loans related to Cogemat and/or its subsidiaries.
As regards the issue of Bonds, the Board of Directors also approved a preliminary information document named "Preliminary Offering Memorandum", which contained the most significant information on Bonds. The preliminary Offering Memorandum can be consulted on the Company's internet site, www.snaigroup.it, in the “Investor Relations” Section.
At completion of the bookbuilding activity, on 21 July 2015 SNAI carried out the pricing of the guaranteed senior bond loan (Euro 110,000,000, 7.625% Senior Secured Notes) for a total principal up to Euro 110 million, with maturity term on 15 June 2018, at an issue price of 102.5%.
The Bond issue and regulation took place on 28 July 2015. The related amounts are credited on an escrow account until the occurrence of conditions precedent and upon enforceability of the transaction.
Bonds were initially subscribed by J.P.Morgan Securities plc. and Unicredit Bank AG, and then exclusively placed at qualified investors.
The listing of the Bonds was requested on the Euro MTF market, organised and managed by the Stock Exchange of Luxembourg.

for the Board of Directors
Gabriele Del Torchio
(Chairman and Managing Director)

Milan, 30 July 2015

*****

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

ATTACHMENT 1

***Composition of the SNAI Group as at 30 June 2015***

(thousands of Euro)

| Name | Head office | Share Capital | Owned percentage | Note | Type of business | Consolidation method/Valuation criteria |
|---|---|---|---|---|---|---|
| - SNAI S.p.A. | Porcari (LU) | 60,749 | Parent Company | | Acceptance of horse racing and sports betting through its own concessions - coordination of operations of subsidiaries and any electronic operation of dissemination of data and services for betting agencies - electronic operation of the connection network of gaming machines - skill games | line-by-line basis |
| **Subsidiaries:** | | | | | | |
| - Società Trenno S.r.l. held by a sole quotaholder | Milan (MI) | 1,932 | 100.00% | (1) | Organization and operation of horse races and the training centre | line-by-line basis |
| - Teseo S.r.l. in liquidation | Palermo (PA) | 1,032 | 100.00% | (2) | Design and planning of betting management software systems | Shareholders' Equity |
| - Teleippica S.r.l. held by a sole quotaholder | Porcari (LU) | 2,540 | 100.00% | (3) | 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 | line-by-line basis |
| - SNAI rete Italia S.r.l. held by a sole quotaholder | Porcari (LU) | 10 | 100.00% | (4) | Acquisition of shareholdings in companies managing sales points, as well as at the centralisation and management of direct sales points | line-by-line basis |
| - Finscom S.r.l. | Mantua (MN) | 25 | 100.00% | (5) | Direct management of sales points | line-by-line basis |
| **Associates:** | | | | | | |
| - HIPPOGROUP Roma Capannelle S.p.A. | Rome (RM) | 945 | 27.78% | (6) | Organization and operation of horse races and the training centre | Shareholders' Equity |
| - Solar S.A. | LUXEMBOURG | 31 | 30.00% | (7) | Financial company | Shareholders' Equity |
| - Alfea S.p.A. | Pisa (PI) | 996 | 30.70% | (8) | Organization and operation of horse races and the training centre | Shareholders' Equity |
| - Connext S.r.l. in liquidation | Porcari (LU) | 82 | 25.00% | (9) | Distribution and assistance of electronic services, hardware and software | Shareholders' Equity |
| - C.G.S. Consorzio Gestione Servizi in liquidation | Milan (MI) | 22 | 50.00% | (10) | Accounting, administrative, IT and advertising services for the members of the consortium | Shareholders' Equity |
| **Other companies:** | | | | | | |
| - Lexorfin S.r.l. | Rome (RM) | 1,500 | 2.44% | (11) | Financial holding company in the horse race sector | Cost |

## Notes on the composition of the Group

(1) Wholly-owned subsidiary of SNAI S.p.A., as a result of the merger by incorporation of Ippodromi San Siro S.p.A. (former Società Trenno S.p.A.). The company was incorporated on 27 July 2006, and on 15 September 2006 Ippodromi San Siro S.p.A. contributed its “horse racing operations” business unit.

(2) Incorporated on 13 November 1996, and acquired by SNAI S.p.A. on 30 December 1999. On 3 August 2001, Teseo S.r.l. entered winding-up.

(3) Acquired by third parties on 5 May 2000. On 2 October 2003, the extraordinary shareholders’ meeting changed the company’s name from SOGEST Società Gestione Servizi Termali S.r.l. to TELEIPPICA S.r.l., and also its corporate purpose. Over the course of 2005, the extraordinary shareholders’ meeting resolved to increase the share capital to Euro 2,540,000. On 31 January 2011 SNAI S.p.A. acquired control of 80.5% of the share capital of Teleippica S.r.l. from SNAI Servizi S.p.A. SNAI S.p.A. owns 100% of the share capital of Teleippica S.r.l.

(4) On 3 April 2015, the new company named SNAI Rete Italia S.r.l., 100% owned by SNAI S.p.A., was incorporated with share capital of Euro 10 thousand, also aimed at the acquisition of shareholdings in companies managing sales points, as well as at the centralisation and management of direct sales points.

(5) On 1 April 2015, SNAI S.p.A. ("SNAI") entered with Finscom S.r.l., in liquidation, ("Finscom") and the shareholders of Finscom, a Debt Restructuring Agreement, pursuant to Art. 67, par. 3, lett. d) of the Bankruptcy Law. In execution of the aforesaid agreement, an extraordinary shareholders' meeting of Finscom was held on 8 April 2015. The meeting resolved on the following: (i) settlement of losses and re-establishment of Finscom's share capital (Euro 25,000.00), partly through the corresponding waive of some amounts receivable and partly through the increase of the share capital reserved to SNAI and SNAI Rete Italia S.r.l. (subject indicated by SNAI pursuant to the Debt Restructuring Agreement), as well as (ii) the revocation of the liquidation position of Finscom. Following the waive by Finscom's shareholders to their right of subscribe the reserved share capital increase as per Art.2481-bis of the Italian Civil Code, SNAI subscribed and released the reserved share capital increase by offsetting the amounts receivable from Finscom with the entire principal (total amount of Euro 2,662,145.02). SNAI Rete Italia S.r.l. subscribed and released the reserved share capital increase through the payment in cash of Euro 2,363,438.09. At the end of the aforesaid transactions, Finscom's share capital was now entirely held by the new shareholders SNAI and SNAI Rete Italia S.r.l., in the percentage of 52.97% and 47.03%, respectively.

(6) On 12 January 2011, the shareholders’ meeting of Hippogroup Roma Capannelle S.p.A. resolved, inter alia, to reduce the share capital to Euro 944,520.00. SNAI S.p.A.’s shareholding was unchanged at 27.78%.

(7) A company incorporated under Luxembourg law on 10 March 2006 by SNAI S.p.A., which holds 30%, and FCCD Limited, a company incorporated under Irish law, which holds 70%.

(8) 30.70% shareholding already own by Ippodromi San Siro S.p.A. (former Società Trenno S.p.A.) now merged into SNAI S.p.A..

(9) On 7 December 2000, the shareholding in Connext S.r.l. was acquired through the purchase of option rights from former shareholders, and the subsequent subscription (and payment) of the share capital increase reserved to the holders of those rights. On 4 February 2015, the shareholders’ meeting resolved to wind up the company.

(10) Acquired on 8 April 2015 through the purchase of the company Finscom S.r.l..

(11) Shareholding of 2.44% acquired on 19 July 1999 by Società Trenno S.p.A., which was subsequently merged into SNAI S.p.A., by incorporation.

**Certification of the condensed consolidated half-year financial statements, pursuant to art. 154 bis, par. 5 of Legislative Decree 58/1998 - Consolidated Law on Finance (TUF)**

1. The undersigned, Gabriele Del Torchio , in his capacity as the Chairman and CEO of SNAI S.p.A. to the best of his knowledge , and Marco Codella in his capacity as the executive in charge of the preparation of the accounting and corporate documentation of SNAI S.p.A. hereby certify, also pursuant to the provisions set forth in art. 154 – bis, paragraphs 3 and 4 of Legislative Decree 58, 24 February 1998:

   - the adequacy of the company characteristics
     and
   - the administrative and accounting procedures for the preparation of the condensed consolidated half-year financial statements as at 30 June 2015.

2. No significant issues arose.

3. It has also been certified that:

   3.1 The condensed consolidated half-year financial statements:
   a) have been drawn up in compliance with the applicable International Accounting Standards which are recognized by the European Union pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council, of 19 July 2002;
   b) correspond to the accounting books and records;
   c) provide a true and accurate representation of the capital, economic and financial situation of the issuer as well as of the group of companies included in the consolidation perimeter.

   3.2 the interim report on operations contains a reliable analysis of the significant events that occurred in the first six months of the year and their impact on the condensed consolidated half-yearly financial statements, together with a description of the main risks and uncertainties envisaged for the remaining six months of the year. The interim report on operations also includes a reliable analysis of the information regarding significant transactions with related parties.

Milan, 30 July 2015

**The Chairman and Chief Executive Officer**

*(Gabriele Del Torchio)*

**The executive in charge of the preparation of the Company's accounting and corporate documentation**

*( Marco Codella )*

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