INTERIM MANAGEMENT REPORT AS OF AND FOR THE NINE MONTH PERIOD ENDED ON SEPTEMBER 30, 2013

Milan, October 30, 2013

SNAI S.p.A.
Registered office in Porcari (Lucca) – via L. Boccherini 39 – Share Capital € 60,748,992.20 fully paid up Tax code: 00754850154 – VAT number 01729640464
Lucca Companies Register and R.E.A. number 00754850154

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CORPORATE OFFICERS
AND INDEPENDENT AUDITORS OF SNAI SPA

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

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

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

Board of Statutory Auditors
(in office from Shareholders' Meeting of April 29, 2011 until the Shareholders' Meeting to approve Financial Statements as of 31.12.2013)

Chairman	**Massimo Gallina**
Acting statutory auditors	**Maurizio Maffeis**
	Enzio Bermani

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

**   Members of the Risk Control Committee chaired by Stefano Campoccia.*
***   Members of the Remuneration Committee chaired by Sergio Ungaro.*

Foreword

The comparative figures relative to September 30, 2012 included in the present condensed consolidated interim financial statements as of and for the nine month period ended on September 30, 2013, have been modified. The changes made are described in the paragraph "Restatement of the comparative figures as of September 30, 2012" in the explanatory notes to the condensed consolidated interim financial statements.

Comment on the principal KPIs of the period

Group revenues for the first nine months of 2013 show a drop of 4%, falling from Euro 366.9 million in the first nine months of 2012 to Euro 352.4 million in the corresponding period of 2013, due principally to the combined effects of the increase in revenues deriving from sports betting and VLTs (Video Lottery Terminal) and of the decrease in AWP (Amusement With Prize) revenues. The net revenues from sports betting have risen with respect to the corresponding period of the previous year as a result of the favourable percentage payout, which amounted to 78.6% compared to 84% in the first nine months of 2012. This result is due also to the more efficient management by the Company of the risk associated with the acceptance of sports wagers/bets during the period.

As regards the increase in VLT revenues, this is due to the significant expansion of the network which, at the end of September, saw a total of 4,370 gaming machines throughout the country. The Online Gaming sector also showed significant signs of growth in revenues, in continual expansion both in terms of total value and in market share.

The drop in AWP revenues is due essentially to the lower number of working gaming machines following the exit from our network of an important client who became a direct licence holder as from March 20, 2013, as well as to the impact of the increased fiscal pressure, with the PREU (Italian government tax on slot machines) which has risen to 12,7% and the consequent decrease in the Group's revenues.

Despite the drop in revenues, the Group EBITDA has increased by +64% with respect to the corresponding period of the previous year, rising from Euro 35.8 million to Euro 58.5 million.

Operating EBITDA, before non-recurring costs and revenues, amounts to Euro 64,5 million for the first nine months of 2013 compared to Euro 37.9 million for the corresponding period of the previous year, representing an increase of 70%.

The tables below show the principal indicators of the Group's performance (in thousands of Euro, with the exception of earnings per share).

- **KPI**

KPI

	First nine months		*Variation*		*III° quarter*		*Variation*	
amounts in thousands of €	*2013*	*2012 restated*	*€*	*%*	*2013*	*2012 restated*	*€*	*%*
Revenues from sales and services	352,351	366,877	(14,526)	(4)	99,379	103,056	(3,677)	(4)
EBITDA	58,524	35,723	22,801	64	14,291	1,406	12,885	>100
EBIT	17,914	(10,988)	28,902	>100	(158)	(12,252)	12,094	99
Result before tax	(14,437)	(36,155)	21,718	60	(13,164)	(20,669)	7,505	36
Net loss	(14,472)	(26,528)	12,056	45	(10,201)	(15,529)	5,328	34
Diluted earnings (loss) per share	(0.12)	(0.23)	0.11	48	(0.09)	(0.13)	0.04	31

The EBITDA was influenced by the following non-recurring costsdeterminated for operating purposes (note 35 shows the non-recurring costs and income, as required by the Consob Resolution No. 15519 of 27.07.2006):

thousands of euro	**First nine months of 2013**
Non-recurring revenues and costs	
Costs relative to non-recurring consultancy	406
Administrative penalties for IU and PREU	3,088
Early retirement incentives and one-off payments to employees	2,139
Other administrative sanctions	199
Other	101
Impact on EBITDA	**5,933**

The Group EBIT for the first nine months of 2013 amounts to Euro 17.9 million, against Euro -11 million for the corresponding period of the previous year.

The net loss attributable to the Group for the first nine months of 2013 amounts to Euro 14.5 million, against a loss of Euro 26.5 million for the first nine months of 2012.

The net indebtedness of the SNAI Group amounts to Euro 373.8 million at September 30, 2013, compared to Euro 369.6 million at the end of the year 2012. Net indebtedness has risen by Euro 4.2 million with respect to the previous year-end, as a result of the combination of the negative effects of the payment of 278 Horseracing-Sports betting acceptance rights (for Euro 15 milion) and other investments and to the positive effects of the deferment, through payment in instalments, of single tax and of the cash flows generated by operations.

- **EBITDA and EBIT**

EBITDA are EBIT are considered to be alternative indicators of performance, however given that they are not defined on the basis of International Financial Reporting Standards ("IFRS") they may not conform to the requisites set forth in IFRS regarding determination, valuation and presentation. We are of the view that EBITDA and EBIT are helpful in explaining changes in operating performance and that they provide useful information on an entity's capacity to manage indebtedness, and consequently, they are commonly used by analysts and investors in the gaming sector as performance indicators. EBITDA and EBIT must not be considered as alternatives to cash flows as a measure of liquidity. The EBITDA and EBIT shown herein may not necessarily be comparable with similar indicators used by other companies.
The EBIT corresponds to the "Result before net financial income/expenses and income tax" shown in the Statement of comprehensive income.

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

EBITDA

	First nine months		*Variation*		*III° quarter*		*Variation*	
Figures in thousands of Euro	*2013*	*2012 restated*	*€*	*%*	*2013*	*2012 restated*	*€*	*%*
EBIT	17,914	(10,988)	28,902	>100	(158)	(12,252)	12,094	99
+ Depreciation of Property, plant and equipment	14,654	15,352	(698)	(5)	5,021	5,209	(188)	(4)
+ Amortisation of Intangible assets	25,010	30,600	(5,590)	(18)	8,825	7,982	843	11
+ Impairment writedowns	130	251	(121)	(48)	79	233	(154)	(66)
+ Other provisions accrued	816	508	308	61	524	234	290	>100
EBITDA	**58,524**	**35,723**	**22,801**	**64**	**14,291**	**1,406**	**12,885**	>100
Non-recurring costs and revenues	5,933	2,157	3,776	>100	1,065	2,157	(1,092)	(51)
Adjusted EBITDA	**64,457**	**37,880**	**26,577**	**70**	**15,356**	**3,563**	**11,793**	>100

The composition of the Result before tax is obtained by adding the following items to the EBIT:

Result before tax

	First nine months		*Variation*		*III° quarter*		*Variation*	
figures in thousands of Euro	*2013*	*2012 restated*	*€*	*%*	*2013*	*2012 restated*	*€*	*%*
EBIT	17,914	(10,988)	28,902	>100	(158)	(12,252)	12,094	99
+ Group share of net profit/loss of companies consolidated using the net equity method	(413)	2,198	(2,611)	>100	(295)	0	(295)	>100
+ Financial income	993	725	268	37	257	240	17	>100
+ Financial expenses	(32,932)	(28,078)	(4,854)	(17)	(12,970)	(8,653)	(4,317)	(50)
+ Net gains (losses) on exchange	1	(12)	13	>100	2	(4)	6	>100
Result before tax	**(14,437)**	**(36,155)**	**21,718**	**60**	**(13,164)**	**(20,669)**	**7,505**	**36**

Observations of the Board of Directors on the trend in the business, the foreseeable evolution of the business and progress report on the Business Plan

Comments on the performance of gaming machines and betting for the period ended on September 30, 2013

The first nine months of 2013 saw a payout of 78.6% on sports betting, compared to the payout of 84% in the corresponding period of 2012.

The value of sports bets collected in the period ended on September 30, 2013 amounted to Euro 593.2 million, compared to Euro 620.5 million in the corresponding period of the previous year (-4.4%). Of these, Euro 103.7 million (17.5% of the total) derive from online sports bets, up with respect to the total of Euro 81.3 million in the corresponding period of the previous year.
Net revenues from sports betting, including pool betting, amounted to Euro 103.6 million, compared to Euro 78.1 million in the corresponding period of 2012.
Horserace betting, including National horserace betting amounted to Euro 252.8 million the period ended on September 30, 2013, down by 14.3% with respect to the corresponding period of the previous year.
Revenues from horserace betting, including National horserace betting fell by Euro 5.6 million and amounted to Euro 21.4 million at September 30, 2013, compared to Euro 27.0 million in the corresponding period of 2012.
Revenues from the entertainment device (Gaming Machines) sector amounted to Euro 185.35 million and include the revenues from VLT machines (Video Lotteries) and AWP (formerly called Slot machines). The turnover amounted to Euro 2,094.1 million at September 30, 2013 compared to Euro 2,040.3 million for the corresponding period of 2012.
The first nine months of 2013 also saw a growth in revenues from the online gaming sector, with revenues of Euro 18.9 million compared to Euro 16.1 million in the corresponding period of 2012, due principally to the effect of the introduction of new casino games and online slot machines.

Forecast for the forseeable future

The Group's strategic objective is that of maintaining its position of market leader in the betting sector, also through the new instruments (Apps) offered by the technolgogical platforms operative on smartphones, and to increase its market share in the gaming sector. The Group has the necessary resources, both in terms of capital and of Know-how, to achieve such goals.
The Group intends to render operative as quickly as possible all of the VLT machines for which it holds the operating rights; following the decision of the AAMS (Amministrazione Autonomo dei Monopoli di Stato – Autonomous Administration of Italian State Monopolies) to revoke the certificate of conformity of the di Barcrest gaming system, the Group has stipulated a supply contract with the Novomatic Group. The new platform was launched in January 2013. At the end of September we had 4,370 VLTs installed in 669 sales points. We expect to complete the installation of a further 675 gaming machines, not yet positioned in sales points at the end of September, within the end of the year at the latest, with the majority of these machines being placed in amusement arcades, where we can reasonably expect a higher than average yield machine.

In 2012 the Group has also introduced an application (App) for mobile phones (Apple and Android) that allows players to place sports bets using their smartphones and tablets. The results of this innovation are proving extremely promising. In January 2013 we launched the first SNAI application (App) for mobile phones- a roulette - for attracted significant customer interest right from the start. A further evolution of the casino games is represented also by the launch of new online slot, different from those launched on the market at December 2012, which immediately generated an increase in both volume and in margin. Online Betting continues to expand, with the launch in May 2013 of a new application. dedicated to horse racing.

The Group also intends to expand the AWP sector, through the launch of new state-of-the-art gaming machines.

State of progress of business plan

The 2011 – 2014 Business Plan, approved by the Board of Directors during their meeting of March 23, 2011, was based on :

- the expansion of the fixed-odds horse racing and sports betting sector both in the role of concession holder and of service provider, carrying on the strategic approach defined in 2006;
- the launch and development of the VLT segment: through the provisions of the Abruzzo decree, VLT terminals have been introduced to the Italian market which allow existing holders of concession for the management of the network and of the paragraph 6a devices (AWP) to use such

terminals. The Snai Group purchased 5,052 rights at a cost of Euro 76 million, which has been paid in full;
- the launch and development of virtual races which on-line concession holders of the Bersani network are allowed to offer, as well as casino games and cash games as part of the development of the broader context of remote gaming.

The Board of Directors meeting of January 29, 2013 approved the Budget for 2013, concentrated on the abovementioned growth areas. In particular it confirmed the aim to complete the installation of all of the VLTs for which SNAI S.p.A. has obtained the concession rights (5,052 rights). In fact the VLT sector is that which shows the highest rates of growth and which could make a significant contribution towards the improvement of the Group's profitability.

The other qualifying points included the optimization of the distribution Network through the segmentation of the gaming rooms and the achievement of their full potential. In this regard, the realization of new formats for stores and an increase in corners was envisaged.
The on-line services were also expected to be increased further with the aim of exploiting their development potential, also drawing upon possible synergies with physical gaming.

The Group's EBTDA for the nine months ended September 30, 2013, before non-recurring costs, show an increase with respect to the same period of last year, but it is lower than forecast for the period; this was due to the combined effect of the followings: i) net revenues from sports betting substantially consistent with expectations, due to the lower volume of turnover offset by the more favourable payout of 78.6%; ii) lower revenues and margins generated by the Gaming Machines segment as a result of an average daily coin-in reduction (in line with gaming industry trend) and a decrease in AWP performance, mainly due to the lower number of working gaming machines, following the exit from our network of an important client, who was awardfed one of the 3 new direct concession; and iii) the performance of the skill games sector, below forecasts in terms of revenues.

Significant events during the third quarter of 2013

Guaranteed Minimums

With the Sentence no. 1054 deposited on 30 January 2013, the II° Section of the Lazio Regional Administrative Tribunal (TAR) has upheld the accusations of unconstitutionality put forward by SNAI with regard to the provisions of D.L. n. 16/2012, declaring the suspension of judgement and thre transmission of the deeds to the Constitutional Court; at the same time, it has declared the original sentence issued in January 2012 to be improcedable, due to lack of interest.
In the meantime SNAI is protected by the suspension procedure which prevents AAMS from applying the sentence contested. The discussion hearing before the Constitutional Court was held on October 8, 2013 and judgement is still pending.

Tender for the assigning of 2000 new rights for the opening of sportaand horseracing betting shops

On May 29, 2013 the list of the winners of the tender for the public gaming concessions (in accordance with Article 10, paragraph 9-octies, of Legislative Decree DL No 16 of March 2, 2012 converted with amendments by Law No. 44 of April 26, 2012) was published; these include SNAI S.p.A. which was awarded a total of 278 rights. On July 3, 2013 SNAI deposited the required documentation with ADM and on September 4, 2013 the concession agreement was stipulated and Snai became the holder of Concession No. 4501 consisting of 278 rights for the rights for the operation and collection, through a physical network, of public sports and horse race games through betting shops.

Subsequent events

Application for the fast track option, pursuant to art. 14, of D.L. no. 102 of August 31, 2013, of the appeal against Judjment No. 214 of the Court of Auditors published on February 17, 2012 related to the alledged breaches of the terms of the concession agreement for the management of the gaming machine remote network

On October 15, 2013 SNAI S.p.A., in accordance with art. 14 of D.L. No. 102 of August 31, 2013 (the Decree"), has presented an application to the Central Appeals Section of the Court of Auditors, for the fast track option to conclude the litigation on the judjment No. 214 published on February 17, 2012 (the "Judgment").
The Judgment, the enforcement of which has been suspended, had condemned SNAI S.p.A. to pay an amount of Euro 210 million to compensate the alleged loss of tax revenues consequent the Company's alleged breach of the service levels required under the concession agreement.

While reaffirming its refutation of the allegations, SNAI S.p.A. asked to be admitted to the procedures permitted by the Decree and by the conversion law described below, in order to take the opportunity to close the dispute, thus eliminating any uncertainty regarding the timing and possible outcome and the Company is seeking to obtain the necessary funds.
In detail SNAI S.p.A. offered to pay the minimum measure of 25% of the penalty imposed by the Judgment, equal to Euro 52.5 million fully aware of the fact that, in the event of non-admission to the fast track option to conclude the litigation, the appeal shall continue along its normal course.
The application is currently under review by the Appeals Section of the Court of Auditors which shall decide upon the ammissability and the related Council Chamber has been set for 30 October 30, 2013.
In the meantime, the DL 102/2013 has been converted into Law with amendments affecting both the percentage payable in order to obtain the fast track option (reduced from 25% to 20%) and the timing of both the payment (no later than November 4, 2013) and the decision of the Appeals Section of the Court of Auditors (no later than Novembre 9, 2013); this shall require the Company to deposit, prior to November 4, 2013, an additional application asking to be admitted to the abovementioned percentage reduction and attaching proof of payment of the 20% of the penalty imposed by the Judgment no. 214/2012 and therefore of Euro 42 million.
The interest charges matured must be added to the amount payable in either case.

The interim condensed consolidated financial statements as of and for the nine months ended September 30, 2013 do not include the effect on the Group's net result, net financial indebtness and sharolders equity deriving from the payment of the abovementioned sums.

In the event that SNAI concludes one of the fast track options to define the Judgemt described above, it would have to pay a sum between 20% and 30% of the penalties imposed by the Judgment, depending upon which legislative ruling be applied following the decision of the Court of Auditors, for an amount, including interest, between Euro 43.8 million and Euro 65,7 million. These amounts would negative impact for a corresponding amount on the Group's net result, net financial indebtness and shareholdings equity as of and for the year ending December 31, 2013.

For details of the other significant events occurring after the reporting date reference should be made to Note 39 of the Explanatory Notes.

Unaudited Interim Condensed Consolidated Financial Statements as of and for the nine months ended September 30, 2013

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

Milan, October 30, 2013

SNAI Group - Consolidated statement of income and other comprehensive income

		For the nine months ended September 30,	
figures in thousands of Euro	**Note**	**2013**	**2012 restated**
Revenues from sales and services	4	351,53	365,539
Other revenues	5	821	1,338
Change in inventory of finished and semi-finished products	18	1	-2
Costs of raw materials and consumables	6	(1,222)	(874)
Costs for services and use of third party assets	7	(238,213)	(284,485)
Costs of personnel	8	(27,777)	(25,814)
Other operating costs	9	(27,315)	(20,553)
Capitalized internal construction costs	10	699	574
Operating income before amortization, depreciation, write downs, interest and taxes		**58,524**	**35,723**
Amortization, depreciation and write-downs	11	(39,794)	(46,203)
Other provisions	28	(816)	(508)
Operating income/(loss)		**17,914**	**(10,988)**
Share of net profit/(loss) of associates		(413)	2,198
Financial income		998	727
Financial expenses		(32,936)	(28,092)
Net financial expenses	12	**(32,351)**	**(25,167)**
LOSS BEFORE TAXES		**(14,437)**	**(36,155)**
Income taxes	13	(35)	9,627
Net loss for the period		**(14,472)**	**(26,528)**
Items that will not be reclassified subsequently to statement of income		**0**	**0**
Gain/(loss) on cash flow hedges net of income tax effect		2,933	(3,324)
Items that may be reclassified subsequently to statement of income		**2,933**	**(3,324)**
Total other comprehensive income/(loss) net of taxes	24	**2,933**	**(3,324)**
Total Comprehensive loss for the period		**(11,539)**	**(29,852)**
Attributable to :			
Equity holders of the parent		(14,472)	(26,528)
Non-controlling interests		0	0
Net comprehensive loss for the period attributable to equity holders of the parent		(11,539)	(29,852)
Net comprehensive loss for the period attributable to non-controlling interests		0	0
Basic loss per share in Euro	25	(0.12)	(0.23)
Diluted loss per share in Euro	25	(0.12)	(0.23)

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

SNAI Group - Consolidated statement of income and other comprehensive income

figures in thousands of Euro	Note	III° quarter 2013	III° quarter 2012 restated
Revenues from sales and services	4	99,23	102,497
Other revenues	5	149	559
Change in inventory of finished and semi-finished products	18	0	1
Costs of raw materials and consumables	6	(354)	(211)
Costs for services and use of third party assets	7	(68,746)	(88,284)
Costs of personnel	8	(8,628)	(7,858)
Other operating costs	9	(7,585)	(5,49)
Capitalized internal construction costs	10	225	192
Operating income before amortization, depreciation,write downs, interest and taxes		**14,291**	**1,406**
Amortization, depreciation and write-downs	11	(13,925)	(13,424)
Other provisions	28	(524)	(234)
Operating loss		**(158)**	**(12,252)**
Share of net profit/(loss) of associates		(295)	0
Financial income		259	241
Financial expenses		(12,97)	(8,658)
Net financial expenses	12	**(13,006)**	**(8,417)**
LOSS BEFORE TAXES		**(13,164)**	**(20,669)**
Income taxes	13	2,963	5,14
Net loss for the period		**(10,201)**	**(15,529)**
Items that will not be reclassified subsequently to statement of income		**0**	0
Gain/(loss) on cash flow hedges net of income tax effect		442	(1,06)
Items that may be reclassified subsequently to statement of income		**442**	**(1,06)**
Total other comprehensive income/(loss) net of taxes	24	**442**	**(1,06)**
Total Comprehensive loss for the period		**(9,759)**	**(16,589)**
Attributable to:			
Equity holders of the parent		(10,201)	(15,529)
Non-controlling interests		0	0
Net comprehensive loss for the period attributable to equity holders of the parent		(9,759)	(16,589)
Net comprehensive loss for the period attributable to non-controlling interests		0	0
Basic loss per share in Euro	25	(0.09)	(0.13)
Diluted loss per share in Euro	25	(0.09)	(0.13)

SNAI Group- Consolidated Statement of Financial Position

figures in thousands of Euro	Note	As of September 30, 2013	As of 12.31.2012
ASSETS			
Non-current assets			
Property, plant and equipment		141,097	134,819
Property, plant and equipment under financial lease		11,562	17,294
Total property, plant and equipment	14	**152,659**	**152,113**
Goodwill		231,531	231,531
Other intangibile assets		143,682	151,409
Total intangibile assets	15	**375,213**	**382,94**
Investments accounted for under the equity method		2,85	3,264
Other investments		46	46
Total investments	16	**2,896**	**3,31**
Deferred tax assets	17	67,619	63,879
Other non-current non financial assets	20	2,681	2,341
Total non-current assets		**601,068**	**604,583**
Current assets			
Inventory	18	2,349	3,384
Trade receivables	19	83,054	91,837
Other current assets	20	23,792	36,364
Current financial assets	21	19,271	10,249
Cash and cash equivalents	22	22,8	11,01
Total current assets		**151,266**	**152,844**
TOTAL ASSETS		**752,334**	**757,427**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' Equity attributable to equity holders of the parent			
Share capital		60,749	60,749
Reserves		106,413	146,04
Net loss for the period		(14,472)	(42,56)
Total Shareholders' Equity attributable to equity holders of the parent		**152,69**	**164,229**
Shareholders' Equity attributable to non-controlling interest			
Total Shareholders' Equity	23	**152,69**	**164,229**
Non-current liabilities			
Employee termination indemnities	26	4,546	5,19
Non-current financial liabilities	27	343,522	344,436
Deferred tax liabilities	17	51,297	48,15
Provisions for risks and charges	28	15,716	25,136
Other non-current liabilities	29	4,189	1,951
Total non-current liabilities		**419,27**	**424,863**
Current liabilities			
Trade payables	30	37,548	44,239
Other current liabilities	29	89,732	87,901
Current financial liabilities		22,685	20,095
Current portion of long-term loans		30,409	16,1
Total current financial liabilities	27	**53,094**	**36,195**
Total current liabilities		**180,374**	**168,335**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**752,334**	**757,427**

For related party transactions, see note 33 "Related parties".

SNAI Group – STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(thousands of Euro)

	Notes	Share capital	Legal reserve	Share premium reserve	Cash Flow Hedge Reserve	Reserve for the remeasurement of employee termination indemnities	Profit/ (losses) carried forward	Net profit/ (loss) for the period	Shareholders' Equity attributable to equity holders of the parent	Shareholders' Equity attributable to non-controlling interests	Total Shareholders' Equity
Balance as of January 1, 2012		60,749	1,559	195,904	(3,97)	203	(3,568)	(40,527)	210,35	0	210,35
Net loss for the prior period				(41,559)			1,032	(40,527)	0		0
Net loss for the period								(26,528)	(26,528)		(26,528)
Other comprehensive loss net of taxes					(3,324)				(3,324)		(3,324)
Total comprehensive loss for the period		0	0	0	(3,324)	0	0	(26,528)	(29,852)		(29,852)
Balance as of September 30, 2012		**60,749**	**1,559**	**154,345**	**(7,294)**	**203**	**(2,536)**	**-26,528**	**180,488**	**0**	**180,488**
	Notes	**Share capital**	**Legal reserve**	**Share premium reserve**	**Cash Flow Hedge Reserve**	**Reserve for the remeasurement of employee termination indemnities**	**Profit/ (losses) carried forward**	**Net profit/ (loss) for the period**	**Shareholders' Equity attributable to equity holders of the parent**	**Shareholders' Equity attributable to non-controlling interests**	**Total Shareholders' Equity**
Balance as of January, 1, 2013		60,749	1,559	154,345	(6,82)	(508)	(2,536)	(42,56)	164,229	0	164,229
Net loss for the prior period	23			(46,083)			3,503	(42,56)	0		0
Net loss for the period								(14,472)	(14,472)		(14,472)
Other comprehensive loss net of taxes	24				2,933	0			2,933		2,933
Total comprehensive loss for the period		0	0	0	2,933	0	0	(14,472)	(11,539)		(11,539)
Balance as of September 30, 2012		**60,749**	**1,559**	**108,262**	**(3,887)**	**(508)**	**967**	**(14,472)**	**152,69**	**0**	**152,69**

SNAI Group - Consolidated cash flow statement

(in thousands of Euro)	Notes	For the nine months ended September 30, 2013	For the nine months ended September 30, 2012 restated
A, CASH FLOW FROM OPERATING ACTIVITIES			
Net loss for the period attributable to equity holders of the parent		(14,472)	(26,528)
Net loss for the period attributable to non controlling interests		0	0
Amortization, depreciation and write downs	11	39,794	46,203
Net change in deferred tax assets and liabilities	17	(1,706)	(9,772)
Change in provision for risk and charges	28	(9,42)	(1,101)
(Gain)/loss on disposal of non-current assets		119	230
Share of profit/(losses) of associates	12	414	(2,198)
Net change in non-current assets and liabilities	20-29	1,898	(4,274)
Net change in current assets and liabilities	18-19-20-30-29	17,53	9,81
Net change in employee termination indemnities	26	(644)	(537)
CASH FLOW FROM OPERATING ACTIVITIES (A)		33,513	11,833
B, CASH FLOW USED IN INVESTING ACTIVITIES			
Investments in property, plant and equipment (-)	14	(15,363)	(11,82)
Investments in other intangible assets (-)	15	(17,465)	(1,374)
Investments in other non current assets	16	0	0
Proceeds from sale of property, plant and equipment, intangible assets and other non-current assets		96	32
CASH FLOW USED IN INVESTING ACTIVITIES (B)		(32,732)	(13,162)
C, CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES			
Change in financial assets	21	(9,022)	(1,503)
Change in financial liabilities	27	(7,617)	(33,061)
Repayment of loan	27	(4,6)	0
Procced from borrowings	27	32,248	12
Change in liabilities due to "Betting Acceptance Points" for the acquisition of concession licences	27	0	(329)
CASH FLOWFROM(USED IN) FINANCING ACTIVITIES (C)		11,009	(22,893)
D, CASH FLOW FROM ASSETS CLASSIFIED AS HELD FOR SALE (D)			
E, CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		11,79	(24,222)
F, CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		11,01	40,282
G, EFFECT OF EXCHANGE RATES ON CASH AND EQUIVALENTS			
H, CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (E+F+G)	22	22,8	16,06

RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
CASH AND CASH EQUIVALENTS NET OF SHORT-TERM DEBTS AT THE BEGINNING OF THE PERIOD:		
Cash and cash equivalents	11,01	40,282
Bank overdrafts		
Discontinued operations		
	11,01	**40,282**
CASH AND CASH EQUIVALENTS NET OF SHORT-TERM DEBTS AT THE END OF THE PERIOD:		
Cash and cash equivalents	22,8	16,06
Bank overdrafts		
Discontinued operations		
	22,8	**16,06**

Interest expenses paid during the nine months ended September 30, 2013 amounted to approximately Euro 18,730 thousand (Euro 16,196 thousand for the nine months ended September 30, 2012).
Income taxes paid during the nine months ended September 30, 2013 amounted to approximately Euro 103 thousand (Euro 609 thousand for the nine months ended Septemebr 30, 2012).

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of presentation and accounting standards

Consolidation Area

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

The interim condensed consolidated financial statement of the SNAI Group as of and for the nine months ended September 30, 2013 includes the financial statements of SNAI S.p.A. and the following subsidiaries, consolidated on a line by line basis:

- Società Trenno S.r.l., with sole quotaholder
- Festa S.r.l., with sole quotaholder
- Immobiliare Valcarenga S.r.l., with sole quotaholder
- SNAI Olè S.A.
- SNAI France S.A.S. in liquidation
- Teleippica S.r.l., with sole quotaholder

No changes have taken place in the consolidation area with respect to December 31, 2012.

The financial statements of the companies included in the consolidation area close on December 31, coinciding with the Parent company's financial year-end. These financial statements are reclassified and adjusted where bnecessary in order to conform to the the accounting standards and IFRS valuation criteria adepte by the parent company (reporting package). These financial statements and reporting packages have been approved by the respective management bodies.

These condensed consolidated financial statements as of and for the nine months ended September 30, 2013 have been approved by the directors of the Parent company during the board of directors' meeting held on October 30, 2013 and therefore have been authorised for publication in accordance with law.

Seasonality

With regard to the seasonality of the Group's business, it should be noted that the business is not subject to any particular fluctuations, although there are generally a greater number of sporting events, particularly football matches, on which bets are accepted, during the first and fourth quarters of the year.

Restatement of the comparative figures for the nine months ended September 30, 2012

The comparative figures for the nine months ended September 30, 2012 have been restated following the correct allocation of the jackpot related to our gaming rooms in accordance with the accrual basi made at the end of the previous year, for the portion related to the period of Euro 2,608 thousand and the consequent recording of the tax effects thereof.

Detail of the original accounting balances, of the adjustments and of the restated values of the interim consolidated statement of income and other comprensive income and interim consolidated statement of financial position of the SNAI Group as of September 30, 2012 are disclosed in appendices 2.1 - 2.2 - 2.3.

The abovementioned restatement had the following effects on the statement of income :

figures in thousands of Euro	**For the nine months ended September 30, 2012**	**III° quarter 2012**
Revenues from sales and services - Jackpot accrual	(2,608)	(2,608)
Impact on operating income before amortization, depreciation, write downs, interest and taxes	**(2,608)**	**(2,608)**
Income taxes - adjustment	798	798
Impact on Net loss for the period	**(1,810)**	**(1,810)**

The effect on the consolidated statement of financial position and on the shareholders' equity as of September 30, 2012 are the followings:

in thousands of Euro	For the nine months ended September, 30 2012
Increase of deferred tax assets	686
Increase of assets	**686**
Increase of other liabilities - Jackpot accrual	2,608
Decrease of other liabilities - IRAP tax effect	(112)
Increase of liabilities	**2,496**
Effect on Shareholders' equity	**(1,810)**

The above adjustments had no effect upon the consolidated statement of cash flows.

1.1 Directors' consideration on going concern assumptions

Snai Group's interim condensed consolidated financial statements as of and for the nine months ended September 30, 2013 recorded a net loss of Euro 14.5 million, a comprehensive loss of Euro 11.5 million, a shareholders' equity of Euro 152.7 million, a net financial indebtedness of Euro 373.8 million. Financial expenses incurred during the nine months ended September 30, 2013 amounted to Euro 32.9 million. As of and for the year ended December 31, 2012 the Group reported a net loss of Euro 42.6 million (including financial expenses for Euro 45 million), a shareholdings' equity of Euro 164.2 million and net financial indebtedness of Euro 369.6 million.

The Group's EBTDA for the nine months ended September 30, 2013, before non-recurring costs, show an increase with respect to the same period of last year, but it is lower than forecast for the period; this was due to the combined effect of the followings: i) net revenues from sports betting substantially consistent with expectations, due to the lower volume of turnover offset by the more favourable payout of 78.6%; ii) lower revenues and margins generated by the Gaming Machines segment as a result of an average daily coin-in reduction (in line with gaming industry trend) and a decrease in AWP performance, mainly due to the lower number of working gaming machines, following the exit from our network of an important client, who was awardfed one of the 3 new direct concession; and iii) the performance of the skill games sector, below forecasts in terms of revenues.

Following the successful conclusion of the renegotiation of its financial debt in March 2011, the Group, ensured the financial means necessary to support its development plans.

The Directors, therefore, believe that the development and the expansion of the Group's core business operations shall enable it to achieve economic stability and to generate adequate cash flows.

It has often been pointed out that the Group's capacity to achieve such stability is mainly dependent on the achievement of results of operations and financial results essentially in line with those included in the abovementioned Group's forecasts. In this regard, the Directors are aware that the strategic objectives identified and reflected in the 2013 Budget and in the guidelines for 2014-2015, present inevitable elements of uncertainty due to the unpredictability related to the occurrence of future events and the characteristics of the relevant market, which could have adverse effects on the capacity to achieve future results and cash flows, on which, moreover, the main assessments made for purposes of the preparation of this financial statement are based. Of the various uncertainties surrounding the achievement of the abovementioned objectives it should be noted that the possible effects on the Group's net result of the period, net financial indebtness and shareholders' equity as of December 31, 2013 and for the year then ended, deriving from the eventual fast track option conclusion of the litigation on the Judgment no. 214 published by the Lazio Section of the Court of Auditors on February 17, 2012, further details of which are provided in Notes 28 and 39.

Even taking into account the abovementioned uncertainties and the possible effects of the abovementioned events, the Directors believe that the strategic objectives mentioned above are still reasonable over the time period indicated.

On the basis of all of the above considerations, the Directors believe that the Group has the capacity to continue its business operations in the foreseeable future, and therefore has prepared the financial statements on the basis of the going concern assumptions.

1.2 Accounting standards

These interim condensed consolidated financial statements as of and for the nine months ended September 30, 2013 were prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not contain all of the information required for the annual consolidated financial statements. For this reason, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements as of and for the year ended December 31, 2012.

The preparation, valuation and consolidation criteria and the accounting standards adopted in the preparation of these interim condensed consolidated financial statements are the same as those used to prepare the annual consolidated financial statements as of and for the eyar ended December 31, 2012, except for the adoption of certain new or revised International Accounting Standards and International Financial Reporting Interpretations as set out below. The adoption of such amendments and interpretations did not have any significant effects on the Group's financial position or net result.
The term IFRS refers to the revised international financial reporting standards and International Accounting standard (IFRS and IAS) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC and SIC), adopted by the European Union.

Amendments and new standards and interpretations applied as from January 1, 2013

In accordance with paragraph of 28 of IAS 8, the IFRS that have come into effect as from January 1, 2013 and are applied by the Group are summarized and briefly illustrated below:

IAS 1 Presentation of Financial Statements – Presentation of items of other comprehensive income
The amendments to IAS 1 introduce a grouping of the items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to statement of income at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on financial assets available for sale) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings).
The amendment only affects the method of presentation and has no impact on the Group's financial position or economic performance. The amendment is effective for financial years beginning on or after July 1, 2012.

IAS 12 - *Deferred taxation: recovery of underlying assets*
This amendment clarifies the determination of the deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property, measured using the fair value model provided under IAS 40, should be determined on the basis of the assumption that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measure using the revaluation model provided under IAS 16 should always be measured on a sale basis of the asset. The amendment is effective for financial years beginning on or after January 1, 2013. This amendment has had no impact on the Group's financial position, economic performance or its disclosures.

IFRS 1 First-time adoption of International Financial Reporting Standards (IFRS) – Severe hyperinflation and elimination of fixed dates for first time adopters
The IASB has provided guidelines on how an entity should present IFRS financial statements when its functional currency ceases to be subject to severe hyperinflation. The amendment is effective for financial years beginning on or after January 1, 2013. This amendment has had no impact on the Group's financial position, economic performance or disclosures.

IFRS 1 Government Loans – Amendments to IFRS 1
This amendment requires entities which adopt IFRS for the first time to apply the provisions of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance prior to the date of transition to IFRS. The entity may choose to apply the provisions of IAS 39 and IAS 20 to government loans retroactively if the information necessary to do so had been obtained at the moment of the initial registration for accounting purposes of the loan. The exemption will give the new user the advantage of not having to assess retroactively government loans with an interest rate lower than market rate. The amendment is effective for financial years beginning on or after January 1, 2013. The amendment has no impact on the Group.

IFRS 7 Additional disclosure requirements- Offsetting financial assets and financial liabilities – Amendments to IFRS 7
This amendment requires an entity to provide information about rights to offset financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information

that is useful in evaluating the effect on an entity's financial position of netting arrangements. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial instruments: presentation in financial statements. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. The amendment does not have any impact on the Group's financial position or on the results of operations and is effective for financial years beginning on or after January 1, 2013.

IFRS 13 Fair value measurement
IFRS 13 introduces a single guideline for all fair value measurement. IFRS 13 does not change the cases in which fair value should be used, but, rather, it provides a guideline on how to determine fair value under IFRS, when the application of fair value is required or permitted by international accounting standards. This standard was adopted by the Group in the interim condensed consolidated financial statements as of and for the nine months ended September 30, 2013 and reference should be made to paragraph 34 of these explanatory notes for further details.

Reporting format adopted
The reporting format adopted by the SNAI Group as of for the nine months endedSeptember 30, 2013 is unchanged with respect to that adopted as of and for the year ended December 31, 2012.

The financial statements are comprised of the following, in addition to the present explanatory notes which show the more significant accounting principles adopted and other explanatory information :

Consolidated Statement of Financial Position
The format adopted for the Statement of Financial Position distinguishes between the current and non-current portions of assets and liabilities. Items are classified as current where realisation/payment thereof is expected with twelve months from the period-end date.

Consolidated Statement of Income and Other Comprehensive income
The Consolidated Statement of Income and Other Comprehensive Income classifies costs and revenues by nature, as this is considered more representative of 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, 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 the balance thereof 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 receivals or payments, and for elements of revenues or costs related to cash flows deriving from investing or financing activities.

2. Service concession arrangements

The SNAI Group operates in the betting and gaming market, which is comprised mainly of betting on horseracing and other sporting events, legalised gaming through AWP and VLT (video-lotteries) as well as online skill games, bingo and casino games. This market is regulated by the Italian authorities through the granting of concessions/licences.

The SNAI Group holds the following concessions:

Concession holder	Number	Description	Expiry date
SNAI S.p.A.	1 Concession	Realization and operation of the network for the gaming machines provided by article 110, paragraph 6, of T.U.L.P.S., as well as the related operations and functions	March 2022
SNAI S.p.A.	1 Concession Code 4311	Acceptance of betting on horse racing, through the setting up and running of distribution networks (horseracing betting shops and/or network of betting corners and points of sale)	June 2016

SNAI S.p.A.	1 Concession Code 4028	Acceptance of betting on events other than horse racing, through the setting up and running of distribution networks (sports betting shops and/or network of sports betting corners and points of sale)	June 2016
SNAI S.p.A.	1 Concession Code 4801	Operation of horse race games, through the activation of the network of gaming stores and the related operation of the same	June 2016
SNAI S.p.A.	1 Concession Code 15215	Operation through the remote collection of turnover for the following games: a) sports bets; b) horseraces bets; c) sports and horse race pool betting; d) national horse race gaming; e) skill games, including tournaments card games; f) bingo.	September 2020
SNAI S.p.A.	1 Concession Code 4501	Operation of games based on horse racing and sport event by article 10, paragraph 9-octies, of Law Decree n. 16 of March 2, 2012 converted with amendments by Law No. 44 of April 26, 2012.	June 2016

3. Operating Segment

Segment disclosure is presented by according to "operating segment". The segment is based on management structure and internal reporting system used by the Group. The intra-sector sales take place at market conditions.

The group operates in the main following sectors:

- Betting collection services;
- Racecourse management;
- Concessions;
- Television services.

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

- **Betting collection services:** this segment includes operations related to services supplied to Betting Acceptance Points; these activities are essentially managed SNAI S.p.A. and Festa S.r.l..;
- **Racecourse management:** this segment includes operations related to management of horse racecourse, including real estate management and organization of races; such operations are managed through Società Trenno S.r.l., Immobiliare Valcarenga S.r.l. and by SNAI S.p.A. for the real estate management;
- **Concessions**: this segment includes the activities related to the horseracing and sports betting acceptance concessions, the operations related to gaming machines concession (slot machines - AWP and video-lottery - VLT) and the activities related to online gaming concession (skill games, bingo and casino games);
- **Television Services:** this segment includes operations related to television services; such operations are managed by Teleippica S.r.l..

The table below provides an analysis of the the contribution made to consolidated figures by each of the following segments :
• betting/gaming turnover services and related services called "betting collection services";
• acceptance of bets at horse racetracks owned by the group and the services related to their operation, called "Racecourse management";
• the owned horse race and sports betting concessions, the concession for the gaming machines referred to in art. 110 paragraph 6 of the T.U.L.P.S. (slot machines – AWPs – and videolotteries VLTs), as well as operations related to online games (skill games, bingo and casino games), referred to as "Concessions";
• radio and tv broadcasting services called "Television services".

The segment figures include both those elements directly attributable to the segment plus a reasonable allocation of those costs that relate to more than one segment and of indirect costs.

Revenues from the sales of software and technology, the revenues from the set-up of stores and other revenues are not included under any of four segments mentioned above; therefore, the costs related to these revenues, as well as the financial income and expenses not attributable to any of the four principal sectors, but to the overall corporate governance activities.

The segment “concessions” includes all bets, both fixed-odds bets (in which the desk/counter is owned by the concession holder) and totalizer bets (where the desk/counter is owned by the Ministry of Finance), accepted in the Betting Acceptance points where SNAI is the direct concession holder.

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

	Betting collection services		Racecourse management		Concessions		Television services		Other		Eliminations		Total	
(figures in thousands of Euro)	09.30.2013	12.31.2012	09.30.2013	12.31.2012	09.30.2013	12.31.2012	09.30.2013	12.31.2012	09.30.2013	12.31.2012	09.30.2013	12.31.2012	09.30.2013	12.31.2012
Assets	**9,387**	3,,294	**13,563**	16,212	**135,017**	150,259	**13,022**	11,997	**4,014**	3,986	**0**	0	**175,003**	185,748
Property, plant and equipment and intangible assets	**12,190**	12,229	**105,744**	107,390	**391,169**	398,852	**4,351**	2,188	**19**	31	**0**	0	**513,473**	520,690
Not allocated property, plant and equipment and intangible assets													**14,399**	14,363
Investments in associates	**0**	0	**2,743**	3,148	**0**	0	**0**	0	**153**	162	**0**	0	**2,896**	3,310
Not allocated assets													**46,563**	33,316
Total assets	**21,577**	15,523	**122,050**	126,750	**526,186**	549,111	**17,373**	14,185	**4,186**	4,179	**0**	0	**752,334**	757,427
Liabilities	**4,160**	3,605	**14,831**	15,779	**517,587**	516,716	**3,176**	2,410	**2,896**	3,371	**0**	0	**542,650**	541,881
Not allocated liabilities													**56,994**	51,317
Total liabilities	**4,160**	3,605	**14,831**	15,779	**517,587**	516,716	**3,176**	2,410	**2,896**	3,371	**0**	0	**599,644**	593,198
Investments:														
Property, plant and equipment and intangible assets	**123**	95	**1,413**	1,792	**25,044**	16,050	**2,895**	816	**0**	0	**0**	0	**29,475**	18,753
Not allocated property, plant and equipment and intangible assets													**3,353**	3,057

For the nine months ended September 30, 2013

	Betting collection services		Racecourse management		Concessions		Television services		Other		Eliminations		Total	
(figures in thousands of Euro)	09.30.13	09.30.12 restated	09.30.13	09.30.12 restated	09.30.13	09.30.12 restated	09.30.13	09.30.12 restated	09.30.13	09.30.12 restated	09.30.13	09.30.12 restated	09.30.13	09.30.12 restated
Revenues	**9,577**	11,596	**(5,577)**	8,891	**(329,696)**	338,949	**(7,107)**	7,316	**394**	125	**0**	0	**352,351**	**366,877**
Inter-sector revenues	**3,184**	3,768	**104**	305	**0**	0	**1,714**	1,673	**351**	453	**(5,353)**	(6.199)	**0**	**0**
Costi di settore	**(8,981)**	(11,599)	**(13,452)**	(15,877)	**(308,992)**	(349,076)	**(7,059)**	(6,412)	**(1,306)**	(,1100)	**(5,353)**	6.199	**(334,437)**	
Operaing Income	**3,780**	(3,765)	**(7,771)**	(6,681)	**20,704**	(10,127)	**(1,762)**	2,577	**(561)**	(522)	**0**	0	**17,914**	**(10,988)**
Share of profit/(loss) of associates	**0**	0	**(405)**	2,196	**0**	0	**0**	0	**(8)**	2	**0**	0	**(413)**	**2,198**
Financial income/(expenses)	**(932)**	(15)	**(78)**	(111)	**(31,382)**	(27,301)	**(9)**	(24)	**463**	86	**0**	0	**(31,938)**	**(27,365)**
Income taxes													**(35)**	**9,627**
Net profit (loss) for the year													**(14,472)**	**(26,528)**
The results of operations include: Amortization and depreciation	**(465)**	(258)	**(3,074)**	(3,369)	**(35,511)**	(41,949)	**(732)**	(612)	**(12)**	(15)	**0**	0	**(39,794)**	**(46,203)**

III° quarter of 2013

	Betting collection services		Racecourse management		Concessions		Television services		Other		Eliminations		Total	
(figures in thousands of Euro)	III Q 2013	III Q 12 restated	III Q 2013	III Q 12 restated	III Q 2013	III Q 12 restated	III Q 2013	III Q 12 restated	III Q 2013	III Q 12 restated	III Q 2013	III Q 12 restated	III Q 2013	III Q 12 restated
Revenues	**2,624**	3,599	**1,900**	2,544	**(92,308)**	94,419	**2,266**	2,437	**281**	57	**0**	0	**99,379**	103,056
Inter-sector revenues	**1,024**	1,170	**(166)**	102	**0**	0	**570**	566	**107**	132	**(1,535)**	(1,970)	**0**	0
Costi di settore														
Operaing Income	**1,106**	1,403	**(2,730)**	(2,589)	**1,224**	(11,758)	**298**	818	**(56)**	(126)	**0**	0	**(158)**	(12,252)
Share of profit/(loss) of associates	**0**	0	**(295)**	0	**0**	0	**0**	0	**0**	0	**0**	0	**(295)**	0
Financial income/(expenses)	**(373)**	(2)	**(26)**	(36)	**(12,442)**	(8,497)	**0**	(5)	**130**	123	**0**	0	**(12,711)**	(8,417)
Income taxes													**2,963**	5,140
Net profit (loss) for the year													**(10,201)**	(15,529)
The results of operations include: Amortization and depreciation	**(167)**	(61)	**(1,020)**	(1,135)	**(12,452)**	(12,019)	**(282)**	(205)	**(4)**	(4)	**0**	0	**(13,925)**	(13,424)

During the nine months ended September 30,2013:

- the difference in operating result of the “Racecourse management ” sector was influenced by the drop in revenues deriving from the core activities, due both to the crisis in the Italian horseracing sector and to the reduction in the number of race meeting reprogrammed on the 2013 horseracing calendar, as well as the suspension of activities at the Milan gallop racecourse and the temporary closure of the Montecatini Terme racecourse up until June 29, 2013;
- the improvement in the operating result of the “Concessions” sector is due principally to the effect of the lower percentage payout with respect to the corresponding period of the previous year and to the increase in the revenues from VLTs as a result of the significant expansion of the network . This improvement was partially reduced by the negative effects of the abovementioned crisis in the horseracing sector as well as by the drop in revenues from the AWP. This latter is linked essentially to the lower number of working gaming machines following the exit from our network of an important client, who became a direct concession holder as from March 20, 2013, as well as the lower percentage of revenues recorded due to the effects of the increased fiscal pressure (the PREU on the AWP has risen from 11.8% to 12.7%).

Notes to the Consolidated Statement of Income

The comparison between figures, which are always expressed in thousands of Euro, except when otherwise indicated, is carried out with the corresponding balances restated balances for the nine months ended September 30, 2012 , the changes made are described in paragraph 1 “Significant accounting policies - Restatement of the comparative figures for the nine months ended 30 September 2012”.

4. Revenues from sales and services

These amounted to Euro 351,530 thousand for the nine months ended September 30,2013 (Euro 365,539 thousand for the nine months ended September 30, 2012) and are comprised as follows:

For the nine months ended September 30,			III° quarter		
2013	**2012 restated**	**thousands of Euro**	**2013**	**2012 restated**	**Change**
105,625	79,744	Net revenues from the collection of fixed-odds sport and horse race betting	24,617	13,263	11,354
19,612	25,749	Revenues from totalizer, nationa horse race game and sports and horse race pool betting	5,354	7,588	(2,234)
185,350	217,087	Revenues from Entertainment Devices (gaming machines)	56,657	68,456	(11,799)
18,922	16,139	Net revenues from online skill, bingo and casino games	5,616	4,782	834
3,536	4,773	Revenues from betting collection services	872	1,382	(510)
86	70	Revenues from online skill and casino games services	27	28	(1)
4,741	5,132	Revenues from service and assistance agreements	1,482	1,701	(219)
3,127	5,243	Revenues from betting collection services at racetracks	1,086	1,644	(558)
968	1,613	Revenues from racecourse management	303	429	(126)
7,411	7,885	Revenues from television and other related services	2,444	2,595	(151)
352	83	Revenues from sales of technology	280	28	252
1,800	2,021	Revenues from other services to third parties	492	601	(109)
351,530	**365,539**	**Total**	**99,230**	**102,497**	**(3,267)**

The table below shows the composition of “Net revenue from the collection of fixed–odds sport and horse race betting” with the indication of paid winnings, reimbursements and taxes.

For the nine months ended September 30,			III quarter	
2013	**2012 restated**	**thousands of Euro**	**2013**	**2012 restated**
590,951	617,542	Turnover from Fixed-odds sports betting	168,676	168,419
(464,342)	(519,189)	Winnings on Fixed-odds sports betting	(138,035)	(148,919)
(23,119)	(20,414)	Single tax on Fixed-odds sports betting	(6,650)	(6,893)
103,490	**77,939**	**Net revenues from the collection of Fixed-odds sports betting**	**23,991**	**12,607**
23,752	19,013	Turnover from Fixed-odds horse race betting	7,720	6,303
(18,630)	(14,783)	Winnings on Fixed-odds horse race betting	(6,122)	(4,842)
(984)	(798)	Single tax on Fixed-odds horse racing betting	(321)	(265)
(2,003)	(1,627)	Taxation on Fixed-odds horse racing betting	(651)	(540)
2,135	**1,805**	**Net revenue from the collection of fixed–odds horse race betting**	**626**	**656**
105,625	**79,744**	**Total Net revenues from the collection of fixed-odds sport and horse race betting**	**24,617**	**13,263**

The increase in net revenues from sports betting for the nine months ended September 30,2013 is due mainly to the lower payout with respect to the nine months ended September 30, 2012. For the nine months ended September 30, 2013 the percentage payout on sports betting amounted to approximately 78.6% compared to 84% for the nine months ended September 30, 2012.
Revenues from totalizer, national horse race game and sports and horse race pool betting have declined, due to the crisis in the horseracing sector.
The revenues from gaming machine amounted to a total of Euro 185,350 thousand for the nine months ended September 30, 2013; these are stated on a gross basis, without deducting the fees contractually granted to the operator and the shop owner. Such costs are stated in the item costs for services and the use of third party assets in note 7 .
It should be recalled that the concession holders are required to pay a secuirt deposit to AAMS for an amount equal to 0.50% of the wagers played on each of the gaming devices connected to the electronic network as guarantee for the achievement of the pre-established minimum service levels.
The statement of financial position includes the amount of Euro 10,392 thousand related to the "Gaming machines security deposit" paid for the nine months ended September 30,2013 (see Note 20).

The security deposit is returned to the concession holders on an annual basis once the achievement of the service levels has been verified. The Executive Decree 2013/4879/GIOCHI/ADI of February 6, 2013 determined the criterion and modalities for the return of the security deposit for the year 2013. On the basis of the information gathered and the controls carried out, SNAI S.p.A. believes that the levels reached in the current period are sufficient to permit the reimbursement of the security deposit.
The drop in revenues from the gaming machines is due essentially to the lower number of working AWP machines, following the exit from our network of an important customer who has himself become a direct concession holder as from March 20, 2013, as well as to the impact of the increased fiscal pressure, with the PREU on AWP which has risen to 12.7% and which affects the Group's profit margins. We would also point out the increase in VLT revenues, due to the significant expansion of the number of machines installed on our network.

The table below shows the composition of the "Net revenues from online skill, bingo and casino games":

For the nine months ended September 30,			**III° quarter**	
2013	**2012 restated**	**thousands of Euro**	**2013**	**2012 restated**
746,834	662,569	Turnover from online skill, bingo and casino games	220,841	213,283
(721,853)	(640,714)	Winnings on online skill, bingo and casino games	(213,464)	(206,794)
(6,059)	(5,716)	Single tax on online skill, bingo and casino games	(1,761)	(1,707)
18,922	**16,139**	**Net revenues from online skill, bingo and casino games**	**5,616**	**4,782**

The " Revenues from betting collection services at racetracks " fell by Euro 2,116 thousand in the nine months ended September 30,2013 with respect to the corresponding period of the previous year, due mainly to the suspension of harness racing activities in Milan since the beginning of the year, to the drop in the number of race meetings scheduled in the 2013 calendar and to the suspension of racing activities at the Montecatini Terme racecourse up until June 29, 2013, the date in which the evening race meetings recommenced.

The "Revenues from television and related services" includes mainly the revenues deriving from the contract stipulated by the subsidiary Teleippica S.r.l. with MIPAAF (ex ASSI, now absorbed into MIPAAF) for the television broadcasting of horseracing in the at the points of acceptance of horse race bets.

5. Other revenues

These amounted to Euro 821 thousand for the nine months ended September 30, 2013 (Euro 1,338 thousand for the corresponding period in prior year), comprised as follows:

For the nine months ended September 30,			**III° quarter**		
2013	**2012 restated**	**thousands of Euro**	**2013**	**2012 restated**	**Change**
210	148	Rentals and charge-back expense	67	27	40
0	17	Sale of option right	0	0	0

0	35	Settlements	0	32	(32)
225	26	Compensation and damages reimbursements	0	10	(10)
45	379	Ex ASSI grants	15	16	(1)
4	10	Gain from sales of assets	0	10	(10)
337	723	Other revenues	67	464	(397)
821	**1,338**	**Total**	**149**	**559**	**(410)**

6. Costs of raw materials and consumables

Costs of raw materials and consumables amounted to a total of Euro 1,222 thousand for the nine months ended September 30, 2013 and to Euro 354 thousand for the third quarter of 2013 (Euro 874 thousand for the nine months ended September 30, 2012 and Euro 211 thousand for the third quarter of 2012), and refer principally to materials used in bet collection, to technology and to furnishings installed in the new points of sales. The capitalized assets amounted to Euro 4,880 thousand for the nine months ended September 30, 2013 and to Euro 1,362 thousand for the third quarter of 2013 (Euro 4,410 thousand for the nine months ended September 30, 2012 and Euro 2,080 thousand for the third quarter of 2012).

7. Costs for services and use of third party assets

Costs for services and use of third party assets amounted to a total of Euro 238,213 thousand for the nine months ended September 30,2013 and Euro 68,746 thousand for the third quarter of 2013 (Euro 284,485 thousand for the nine months ended September 30, 2012 and Euro 88,284 thousand for the third quarter of 2012) and are detailed below:

For the nine months ended September 30,			III° quarter		
2013	**2012 restated**	**thousands of Euro**	**2013**	**2012 restated**	**Change**
57,323	66,816	Betting sports and horse race acceptance services	16,540	18,011	(1,471)
136,906	170,964	Entertainment devices services (Gaming Machines)	41,001	55,408	(14,407)
4,302	4,034	Online Skill and Casinò Games management	1,419	1,196	223
1,358	1,120	Bookmakers	401	278	123
4,627	2,091	Online Betting and Skill and Casinò Games services	332	1,223	(891)
876	1,676	Horse racecourse services	357	551	(194)
2,391	2,208	Television and radio services	962	754	208
300	287	Rent of stations	104	96	8
2,813	5,571	Consultancy cost and expense reimbursements	(789)	1,632	(2,421)
5,974	6,170	Utilities	2,002	2,008	(6)
6,886	6,833	Equipment repair and maintenance	1,989	2,291	(302)
3,305	5,431	Advertising and promotion	719	1,286	(567)
2,787	2,585	IT services	994	867	127
1,098	1,214	Installation, logistics and design	261	342	(81)
158	310	Other personnel costs for collaborations and other services	119	80	39
1,360	1,219	Insurance and guarantees	543	422	121
469	410	Market research	196	138	58
347	335	Marketing materials	96	137	(41)
624	720	Rental fees	210	235	(25)
623	568	Operating leases	198	201	(3)
1,170	1,250	Directors' fees	473	289	184
488	541	Independent auditors' fees	103	113	(10)
188	183	Statutory Auditors' fees	63	62	1
105	121	Regulation authority and other committees fees	41	46	(5)
28	29	Expense reimbursement to Directors and Statutory Auditors	11	5	6
1,707	1,799	Other	401	613	(212)
238,213	**284,485**	**Total**	**68,746**	**88,284**	**(19,538)**

In particular the table shows :

- the betting sports and horse race acceptances service fees granted to the manager of horse race and sports strores and corners betting have decreased from Euro 66,816 thousandfor the nine months ended September 30, 2012 to Euro 57,323 thousand for the nine months ended September 30, 2013. This decrease is due to the lower value of sports turnover collected in the physical network, partially compensated by the increase in the volume of online betting, as well as to the new remuneration methods adopted for the promotion and expansion of online gaming: for the nine months ended September 30, 2013 these costs were included under the item Online betting and skill and casino gaming services, while for the nine months ended September 30, 2012 they were classified under the item Betting sports and horse race acceptance services ;
- the costs for Entertainment devices services (Gaming Machines) amount to a total of Euro 136,906 thousand compared to Euro 170,964 thousand for the nine months ended September 30, 2012 and include the collection fees paid to third parties and the costs for the VLT platforms. The decrease during the period is attributable to the AWP sector and is due essentially to the exit from our network of an important client who became a direct concession holder as from March 20, 2013;
- the costs related to the Online Skill and Casinò Games management amounting to Euro 4,302 thousand for the nine months ended September 30, 2013 (Euro 4,034 thousand for the nine months ended September 30, 2012), are represented principally by the cost of the gaming platforms and the management of online poker tournaments.

The item “Other” comprises mainly: surveillance and security services, cleaning services, postal and shipping expenses, waste disposal services and the running costs of company vehicles.

8. Costs of personnel

Costs of personnel amounted to a total of uro 27,777 thousand for the nine months ended September 30, 2013, against Euro 25,814 thousand for the nine months ended September 30, 2012, representing an increase of Euro 1,963 thousand (+7.60%) due principally to :

1. the resignation of the previous managing director, with consequent payment of the agreed severance indemnities and other fees due;
2. the hiring of new strategic staff;
3. the accrual of incentives for early retirement for employees and managers.

The incentives for early retirement amounted to Euro 2,139 thousand for the nine months ended September 30, 2013.

For the nine months ended September 30,			**III° quarter**		
2013	**2012 restated**	**thousands of Euro**	**2013**	**2012 restated**	**Change**
18,063	17,950	Wages and salaries	5,541	5,444	97
5,578	5,207	Social security charges	1,683	1,548	135
1,086	1,109	Accrual to employee termination indemnities	361	385	(24)
57	49	Costs for personnel training	0	1	(1)
427	333	Expense reimbursement to employees	153	80	73
563	580	Meal tickets	198	184	14
2,003	586	Other personnel costs	692	216	476
27,777	**25,814**	**Total**	**8,628**	**7,858**	**770**

The item “Accrual to employee termination indemnities” also includes the effects on the statement of income deriving from the valuation of the employee termination indemnity in accordance with IAS 19.

The table below analyses the composition of the workforce at the end of the period, and shows an increase of 16 employees with respect to December 31, 2012 due principally to the stabilization, through direct hiring, of personnel who had previously been employed under fixed-term employment agreements and the implementation of “core business” structures.

AS of September 30, 2012			As of December 31, 2012		Hired during the period	Left during the period	AS of September 30, 2013		Average workforce during the period
18		Executives	20		4	2	22		20
649		White Collar Employee and Mid-level Managers	633		89	68	654		652
87		Blue collar workers	78		0	7	71		73
754	*	Total Employees	731	**	93	77	747	***	745

* of whom 161 Part-time and 12 on maternity leave

** of whom 153 Part-time and 15 on maternity leave

*** of whom 170 part time and 22 on maternity leave

9. Other operating costs

The Other operating costs amounted to a total of Euro 27,315 thousand for the nine months ended September 30, 2013 (Euro 20,553 thousand for the nine months ended September 30, 2012).

For the nine months ended September 30,			III° quarter		
2013	2012 restated	thousands of Euro	2013	2012 restated	Change
11,479	11,548	Concessions and licenses fees	3,652	3,801	(149)
3,307	3,857	Non-deductible VAT	939	978	(39)
5,069	2,432	Allowance for doubtful accounts	1,524	(62)	1,586
941	192	Write-down on receivables	45	89	(44)
(151)	(145)	Utilisation of provisions for doubtful debts and for risks and charges	(8)	(42)	34
217	96	Accrual to provisions for risks and charges	77	0	77
124	155	Entertainment expenses	16	81	(65)
191	154	Subscription fees	63	56	7
420	351	Other indirect taxes	175	117	58
945	636	Duties on properties (IMU)	315	212	103
463	382	Stationery, consumables and promotional materials	187	70	117
69	36	Costs for environmental and health controls	26	12	14
281	69	Settlement of disputes	19	21	(2)
123	239	Losses from sale of assets	58	15	43
3,837	551	Other administration and operating costs	497	142	355
27,315	**20,553**	**Total**	**7,585**	**5,490**	**2,095**

The item "concessions and licenses fees" includes, *inter alia*:

- the concession fees for gaming machines for Euro 6,235 thousand, calculated at 0.30% of turnover volume and paid to AAMS on a bi-monthly basis;
- the concession fees for the acceptance of fixed-odds bets on sport events other than horse races, and on non-sport events in accordance with article 4 of the convention approved by Decreto Direttoriale 2006/22503 of June 30, 2006 and concession fees for the acceptance of horseracing and sports bets, for Euro 4,330 thousand;
- the concession fees for the remote collection of turnover, for Euro 548 thousand;
- television licence fees for Euro 263 thousand.

For the nine months ended September 30, 2013 the Group accrued Euro 5,069 thousand of allowance for doubtful accounts in order to align the recoverable value of receivables deriving from prior financial years in connection with the Group's core business operations and which have, over the course of the period, shown growing difficulties with regard to their collection.

For the nine months ended September 30, 2013 an accrual of Euro 217 thousand was made to the provision for risks and charges related to technological updating costs as forseen by the AWP Concession.

The “Non–deductible VAT”, of Euro 3,307 thousand derives from particular operations carried out by SNAI S.p.A., by Festa S.r.l. and by Società Trenno S.r.l., which generate, in part, the revenues taxable for VAT purposes and in part revenues exempt from VAT, with consequent impact on the non-deductibility of VAT on purchases.

The companies SNAI S.p.A., Festa S.r.l. and Società Trenno S.r.l. have opted for separate operations for VAT purposes; this means that, for purchases related to the operations that generate taxable transactions, VAT is entirely deductible, while that on purchases related to operations that generate exempt transactions is entirely non-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.

10. Capitalised internal construction costs

The Capitalised internal construction costs amounted to Euro 699 thousand for the nine months ended September 30, 2013 (Euro 574 thousand for the nine months ended September 30, 2012) and are essentially related to software generated internally for:

• IT systems supporting the Business lines (Business Intelligence)
• centralized systems and peripheral terminals for the acceptance of bets
• centralized systems for the management of relations with AAMS and client invoicing services for entertainment devices
• centralized systems, gaming interfaces and integration protocols for the collection of remote gaming wagers through SnaiCards
• networking solutions supporting the Business lines
• development and strengthening the company ERP
• centralized and peripheral systems for the operation of additional services at points of sale
• centralized systems and web interfaces for the integration and sale of Skill games (tournament poker, cash poker, casino games, slot games) games (tournament poker, cash poker, casino games, slot games)
• web-based solutions for information for the Operator, knowledge base, manuals, how-to, integration with the system for requests for intervention and sourcing of consumables SnaiPartner)
• viewing systems for the point of sale (new graphics pages, VEDO project)
• centralized systems for the management of contacts with AAMS, reporting, customer services (VLT)
• Gaming control systems (SnaiProfit)
• Implementation of the new company CRM;
• Sales point Management system (MyWeb);
• System for the management of betting for complementary platforms
• System for the acceptance of bets on Virtual Events;
• Sales Point control systems for the commercial sector (Control Room AWP/VLT)

11. Amortisation, depreciation and write-downs

These amount to a total of Euro 39,794 thousand for the nine months ended September 30, 2013 (Euro 46,203 thousand for the nine months ended September 30, 2012), as detailed below:

For the nine months ended September 30,			**III° quarter**		
2013	**2012 restated**	**thousands of Euro**	**2013**	**2012 restated**	**Change**
25,010	30,600	Amortisation of intangible assets	8,825	7,982	843
14,654	15,352	Depreciation of property, plant and equipment	5,021	5,209	(188)
130	251	Write-downs	79	233	(154)
39,794	**46,203**	**Total**	**13,925**	**13,424**	**501**

Further information regarding the above is provided in the Notes 14 and 15, “Property, plant and equipment” and “Intangible assets”.

12. Net financial expenses

Net financial expenses amounted to Euro 32,351 thousand for the nine months ended September 30, 2013, representing an increase of Euro 7,184 thousand with respect to the nine months ended September 30, 2012, as detailed below:

For the nine months ended September 30,			III° quarter		
2013	2012 restated	thousands of Euro	2013	2012 restated	Change
		Share of net profit/(loss) of associates:			
(3)	11	- Alfea S.p.A.	0	0	0
(402)	2,185	- Hippogroup Roma Capannelle S.p.A.	(295)	0	(295)
(8)	2	- Connext S.r.l.	0	0	0
(413)	**2,198**		**(295)**	**0**	**(295)**
		Financial income:			
5	2	Gains on exchange rates	2	1	1
684	430	Interest on banks deposit	205	175	30
309	295	Other financial income	52	65	(13)
998	**727**		**259**	**241**	**18**
		Financial expenses:			
242	159	Other interest paid	89	63	26
4	14	Losses on exchange rates	0	5	(5)
0	245	Interest charges on bank current accounts	0	9	(9)
5,329	3,593	Financial leasing charges	1,676	867	809
20,202	17,098	Interest charges on loans	8,834	5,208	3,626
96	159	Interest charges on employee termination indemnity	31	49	(18)
2	11	Discounting of loans	0	2	(2)
10	0	Ineffective portion of cash flow hedge	0	0	0
7,051	6,813	Other financial expenses	2,340	2,455	(115)
32,936	**28,092**		**12,970**	**8,658**	**4,312**
(32,351)	**(25,167)**	**Total**	**(13,006)**	**(8,417)**	**(4,589)**

Financial income for the nine months ended September 30, 2013 includes interest income matured on current bank accounts for Euro 684 thousand and other financial income for Euro 309 thousand mainly related to interest beared on the extended terms of payment granted on trade receivables.

Financial expenses include:

- costs related to the amortized cost method foreseen by IAS 39, and determined applying the method of the actual interest rate on loans (for further details on loans, reference should be made to note 27) for a total of 20,202 thousand, whose Euro 2,312 thousand thousand is attributable to ancillary costs ;
- interest charges of Euro 3,393 thousand on financial leasing and accessory charges on leasing for Euro 1,936 thousand, including non-deductible VAT;
- other financial expenses, including Euro 3,476 thousand for differentials on derivative hedging, Euro 1,765 thousand of commission on bank guarantees, Euro 804 thousand for commission payable on loans and Euro 790 thousand of bank charges.

For further details regarding transactions with related parties, refer to note 33 “Related Parties”.

13. Income taxes

Current income taxes, inclusive of the 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 for the nine months ended September 30,2013, show a negative balance of Euro 35 thousand.

For the nine months ended September 30,			**III° quarter**	
	2012 restated	**thousands of Euro**	**2013**	**2012 restated**
0	0	IRES	(347)	0
1,724	370	IRAP	227	(363)
3,799	4,251	Deferred tax liabilities	1,263	1,621
(652)	(2,293)	Reversal of deferred tax liabilities	(197)	(526)
(6,193)	(13,161)	Deferred tax assets	(3,903)	(6,042)
1,341	1,530	Reversal of Deferred tax assets	29	658
16	(324)	IRES/IRAP for prior years	(35)	(488)
35	**(9,627)**	**Total**	**(2,963)**	**(5,140)**

The table below shows the reconciliation between the IRES and IRAP tax charge resulting from the condensed interim financial statements as of and for the nine months ended September 30, 2013 and the theoretical tax charge (in thousands of Euro):

		For the nine months ended September 30,2013		**For the nine months ended September 30, 2012 restated**
Profit before tax		(14,437)		(36,155)
Theoretical IRES tax charge	*27.50%*	3,970	*27.50%*	9,943
Theoretical IRAP tax charge	*4.20%*	606	*4.20%*	1,519
Total Theoretical tax (charge) credit		**4,577**		**11,461**
Fines, penalties and other taxes		(938)		(23)
Write-down of investments		0		(278)
Other permanent non-deductible costs		(1,005)		(555)
Other permanent tax deductions		126		120
Non-taxable dividends		0		0
		2,760		**10,725**
Permanent differences for Irap tax purposes (including personnel)		(2,779)		(1,422)
		(19)		**9,303**
Tax and duties for prior year		(16)		324
Actual tax (charge) credit	*-0.05%*	**(35)**	*-26.63%*	*9,627*

For further details on the effects deriving from the tax burden and the tax consolidation regime, reference should be made to Note 17 "Deferred tax assets and deferred tax liabilities" of these explanatory notes.

The last financial year finalised for tax purposes was the year 2007.

Reference should be made to Note 28 for details of tax disputes outstanding at the period end.

Notes to consolidated statement of financial position

The comparison between figures, which are always expressed in thousands of Euro, except when otherwise indicated, is made with the corresponding balances as of December 31, 2012.

14. Property, plant and equipment

Property, plant and equipment as of 30 September 2013 amount to Euro 152,659 thousand as of September 30, 2013(Euro 152,113 thousand as of December 31, 2012). The change during the period is due to the combined effect of the depreciation charge for the period of Euro 14,654 thousand, the additions for Euro 15,363 thousand, the reclassifications from intangible assets for Euro 15 thousand, the impairment write-downs for Euro 130 thousand and the disposals, net of accumulated depreciation, for Euro 48 thousand.

In thousands of Euro	Land and buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Assets under construction and advances to suppliers	Total
Cost						
Balance as of December 31, 2012	**138,687**	**155,593**	**7,199**	**23,182**	**360**	**325,021**
Reclassifications	0	16	0	0	(1)	15
Other additions	1,312	10,668	4	1,808	1,571	15,363
Disposals	0	(324)	(1)	(43)	0	(368)
Balance as of September 30, 2013	**139,999**	**165,953**	**7,202**	**24,947**	**1,930**	**340,031**
Depreciation and impairment write-down						
Balance as of December 31, 2012	**30,719**	**123,085**	**6,670**	**12,434**	**0**	**172,908**
Depreciation charge for the period	2,268	10,425	123	1,838		14,654
Impairment write-downs		0		130		130
Disposals	0	(292)	(1)	(27)		(320)
Reclassification	0	0	0	0	0	0
Balance as of September 30, 2013	**32,987**	**133,218**	**6,792**	**14,375**	**0**	**187,372**
Net book value						
As of December 31, 2012	107,968	32,508	529	10,748	360	152,113
As of September 30,2013	107,012	32,735	410	10,572	1,930	152,659

For a better disclosure reclassifications of assets not yet amortized to Assets under construction have been made compared to December 31, 2012.

Plant and machinery 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 additions during the period ended September 30, 2013 amounted to Euro 15,363 thousand and were comprised principally of the following:

- additions of Euro 1,312 thousand to Land and buildings, relate mainly to improvements to buildings and other structures at racecourses;
- additions of Euro 10,668 thousand to Plant and Machinery, relate for Euro 183 thousand to electro-thermal and electric plant, for Euro 3,842 thousand to technology loaned free of charge to the sales points, for Euro 3,466 thousand to hardware and interconnection network for the sales points, for Euro 622 thousand to radio links, for Euro 2,193 thousand to broadcasting equipment, for Euro 362 thousand

to purchases of instrumental goods (servers, printers, PCs and monitors) and to other plant and equipment necessary for the conduct of the various business operations of the Group companies;

- additions of Euro 1,808 thousand to Other assets, relate for Euro 1,679 thousand to furnishings and fittings provided free of charge to sales points and to the betting shops managed directly by the Group, for Euro 111 thousand to head office furnishings and fittings, for Euro 14 thousand to purchases of motor vehicles and for Euro 4 thousand to equipment;
- additions of Euro 1,571 thousand to Assets under construction and advances to suppliers, relate for Euro 1,174 thousand to restructuring work being carried out on the building next to the Company's registered office in Porcari and, for Euro 331 thousand, to technology not yet available for use. No indications of impairment of Assets under construction was noted and therefore no impairment test during the period was deemed necessary.

No financial costs have not been capitalised in property, plant and equipment, since the Group does not have any 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 June 2016. These contracts include redemption and/or extension clauses.
The building in Porcari is leased under a financial leasing contract with the company Ing Lease Italia S.p.A., and is recorded in land and buildings at a historical cost of Euro 3,500 thousand, of which Euro 382 thousand relates to land, and an accumulated depreciation of Euro 864 thousand as of September 30, 2013.

The table below shows the minimum future installments of the financial leasing contracts:

thousands of Euro	**Total**
Total commitment as of September 30, 2013	6,922
of which:	
Installments falling due within 12 months	4,767
Installments falling due between 1 to 5 years	2,155
Installments falling due after 5 years	-
Redemption	903

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

15. Intangible assets

Intangible assets amount to Euro 375,213 thousand as of September 30, 2013 (Euro 382,940 thousand as of December 31, 2012). The change with respect to the 2012 financial year-end is due to the combined effect of the amortisation of the period for Euro 25,010 thousand, the net disposals for Euro 167 thousand, the reclassifications to property, plant and equipment for of Euro 15 thousand and the additions of Euro 17,465 thousand.

thousands of Euro	**Goodwill**	**Concessions, licences, trademarks and similar rights**	**Industrial patents and intellectual property rights**	**Other**	**Assets in progress**	**Total**
Cost						
Balance as of December 31, 2012	**231,605**	**396,602**	**12,978**	**13,181**	**18,472**	**672,838**
Reclassifications		10,644	(205)	341	(10,795)	(15)
Additions		12,569	215	229	4,452	17,465
Disposals	0	(538)	0	0	0	(538)
Balance as of September 30, 2013	**231,605**	**419,277**	**12,988**	**13,751**	**12,129**	**689,750**

Accumulated amortisation and impairment

Balance as of December, 31 2012	**74**	**269,628**	**11,706**	**8,490**	**0**	**289,898**
Amortisation for the period		23,411	301	1,298		25,010
Impairment write-downs		0	0	0		0
Disposals		(371)	0	0		(371)
Reclassifications		(114)	(195)	309		0
Balance as of September 30, 2013	**74**	**292,554**	**11,812**	**10,097**	**0**	**314,537**
Net book values						
As of December 31, 2012	231,531	126,974	1,272	4,691	18,472	382,940
As of September 30, 2013	231,531	126,723	1,176	3,654	12,129	375,213

For a better disclosure reclassifications of assets not yet amortized to Assets under construction have been made compared to December 31, 2012.

The additions of Euro 17,465 thousand relate principally to the following:

- "concessions, licences, trademarks and similar rights" for Euro 12,569 thousand, of which Euro 10,945 thousand for betting concessions, Euro 798 thousand for Bonus related to marketing and promotion activity, Euro 730 thousand forthe issue of the AWP authorisation, and Euro 96 thousand for additional Sap licenses;
- "industrial patents and intellectual property rights" for Euro 215 thousand, of which Euro 50 thousand for software licences for streaming and Euro 165 thousand for licences for operating programmes for administration, finance and control;
- "assets in progress" for Euro 4,452 thousand, comprised principally of: Euro 3,175 thousand for betting concessions acquired but not yet activated, Euro 882 thousand related to internally generated software not yet completed and Euro 319 to software licences for betting on virtual events.

The Intangible assets in progress include Euro 6,224 thousand of concessions acquired for VLT machines which have not yet been tested by AAMS.

No financial costs have been capitalised in intangible assets, since the Group does not have any qualifying assets, as defined under IAS 23.

Goodwill amounts to Euro 231,531 thousand, and is allocated to the following cash generating units (CGU):

- Euro 219,951 thousand to the CGU "Concessions", Euro 219,241 thousand of which generated by the acquisition of the concessions business units as from March 16 , 2006 and Euro 710 thousand generated by the business combination by acquisition of the investment in Agenzia Ippica Monteverde S.r.l." (now incorporated by merger into SNAI S.p.A.). This CGU is represented by the business related to the sport and horse betting concessions, to the concession for the management and operation of the network for the gaming machines and the related assets and functions (slot machines - AWP and video-lottery - VLT) and activities related to skill games, bingo and casino games;
- Euro 11,137 thousand to the CGU "Betting Services", contributed by SNAI Servizi Spazio Gioco S.r.l., incorporated into SNAI S.p.A. in 2002, comprised of the business connected to the telematic services supplied to Betting Acceptance Points;
- Euro 443 thousand contributed by Teleippica S.r.l. and related to the CGU "Television Services", comprised of operations related to television services.

In accordance with international accounting standards, and in particular by IAS 36, goodwill is subjected to annual impairment tests on December 31 of each year, or more frequently in the presence of indication of possible permanent losses in value.
In the event that such test shows a loss in value, the Group is required to recognized a write-down in the financial statement.
No events or changes occurred during the nine months ended September 30, 2013 which required impairment testing to be carried out on the value of goodwill.

16. Investments

The Group holds the following investments:

thousands of Euro	Carrying value at September 30, 2013	Carying value at December 31, 2012	Percentage owned As of September 30, 2013	Percentage owned As of December 31, 2012
Affiliates and subsidiaries accounted for under the equity method				
- Hippogroup Roma Capannelle S.p.A.	1,387	1,789	27.78	27.78
- Alfea S.p.A.	1,356	1,359	30.70	30.70
- Connext S.r.l.	54	63	25	25
- Solar S.A.	53	53	30	30
- Teseo S.r.l. in liquidation	0	0	70	70
Total investments accounted for under the equity method	**2,850**	**3,264**		
Others				
- Tivu + S.p.A. in liquidation	0	0	19.5	19.5
- Lexorfin S.r.l.	46	46	2.44	2.44
Total other investments	**46**	**46**		

The composition of the Group and the consolidation methods adopted are disclosed in Appendix 1.

17. Deferred tax assets and deferred tax liabilities

The table below shows the total value of the timing differences and of the tax losses carried forward, together with the related theoretical deferred tax assets and liabilities, as well as the values recorded in the consolidated financial statements.
It should be noted that the Group shows deferred tax assets and liabilities for a net deferred tax value of Euro 16,322 thousand (value net of deferred tax assets as of 31 December 2012 for Euro 15,729 thousand).

Timing differences	Amount	Rate	Tax effect	Deferred tax asset recorded	Reversal period
Allowance for doubtful accounts	45,076	27.50%	12,396	12,396	2013 and following years
Provision for risks and charges	13,802	27.50%-31.70%	4,354	4,354	2013 and following years
Provisions for the obsolescence of the inventory	785	31.70%	248	248	2013 and following years
Difference between the book value and and tax value of property, plant and equipment and intangible assets	5,284	31.70%	1,647	1,647	2013 and following years
Interest Rate Swap	5,361	27.50%	1,474	1,474	2013 and following years
Other temporary differences	42,562	27.50%-31.70%	11,705	11,705	2013 and following years
Total	**112,870**		**31,824**	**31,824**	

Tax losses carried forward from prior years	Amount	Rate	Tax effect	Deferred tax assets recorded	Usable by
SNAI S.p.A.:					
Year 2008	17,895	27.50%	4,921	4,921	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
September, 30 2013	11,401	27.50%	3,135	3,135	eligible for being carried forward indefinitely
Total losses carried forward	**130,164**		**35,795**	**35,795**	
Total deferred tax asset				**67,619**	

The table below shows the movements in deferred tax assets during the period:

	As of December 31, 2012	accrual	utilisation	As of September 30, 2013
Deferred tax assets	63,879	6,193	(2,453)	67,619

At September 30, 2013 the directors of SNAI S.p.A. have confirmed their evaluation of recoverability, based on forecasts of sufficient future income, of the deferred tax assets generated by the timing differences between the carrying values and the fiscal values of the related assets/liabilities, as well as on the losses carried forward resulting from the tax consolidation.

The “difference between the book value and the fiscal value ofproperty, plant and equipment and intangible assets”, of Euro 5,284 thousand with tax effect of Euro 1,647 thousand, relates mainly to leasing contracts stipulated in 2007 and prior years (Euro 4,043 thousand with tax effect of Euro 1,282 thousand).
The “Other timing differences” of Euro 42,562 thousand with tax effect of Euro 11,705 thousand relate mainly to non-deductible interest charges in accordance with article 96 of Italian Tax Law (TUIR) for Euro 40,868 thousand with tax effect Euro 11,239 thousand).

In June 2013, SNAI SpA, renewed its adherence to the national tax consolidation scheme (articles 117 and thereafter of D.P.R. 917/1986) for the three-year period 2013-2015, with the subsidiary Società Trenno S.r.l.. The tax consolidation with the companies Festa S.r.l., Immobiliare Valcarenga S.r.l. and Teleippica S.r.l is still in force for the three-year period 2012-2014.

Timing differences	Amount	Tax rate	Tax effect	Deferred tax
Amortization of goodwill	(10,963)	31.70%	(3,331)	(3,331)
Employee termination indemnities	(8)	27.50%	(2)	(2)
Amortization of goodwill of business	(112,071)	31.70%	(34,678)	(34,678)
Difference between the carrying amount and the fiscal value of property, plant and equipment	(41,763)	31.70%	(13,210)	(13,210)
Other temporary differences	(274)	31.70% - 27.50%	(76)	(76)
Total Deferred Tax Liabilities	(165,079)		(51,297)	(51,297)

The following movements took place in deferred tax liabilities during the period:

	As of December 31, 2012	Accrued	utilisation	As of September 30, 2013
Deferred tax Liabilities	48,150	3,799	(652)	51,297

Directors of SNAI S.p.A. have decided, in accordance with IAS 12, to record the deferred tax liabilities generated by all of the timing differences between the carrying values and the fiscal values of the relatedassets/liabilities. In particular, the business segments acquired, 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 review on at least an annual basis; amortisation for tax purposes is regulated by Art. 103,. 3, D.P.R. 917/1986.
The "difference between the book value and the fiscal value of property, plant and equipment" of Euro 41,763 thousand with tax effect of Euro 13,210 thousand relates mainly to buildings at the Milan – San Siro (ex Trenno) and Montecatini racecourses (Euro 38,737 thousand with tax effect of Euro 12,280 thousand).

18. Inventory

Inventory have decreased by Euro 1,035 thousand with respect to December 31, 2012 and are comprised as follows:

thousands of Euro	As of September 30, 2013	As of December 31, 2012	Change
Raw materials	61	250	(189)
Semi-finished products	10	80	(70)
Finished products/goods	2,278	3,054	(776)
Total	**2,349**	**3,384**	**(1,035)**

Inventory are stated net of the provision for obsolescence, which amounts to Euro 785 thousand at September 30, 2013 (Euro 291 thousand at December 31, 2012). The table below shows the movements therein during the period.

	As of December 31, 2012	Accruals	Utilisation	As of September 30, 2013
Provision for obsolescence				
Raw materials	77	178	(9)	246
Semi-finished products	3	25	0	28
Finished products/goods	211	305	(5)	511
Total	**291**	**508**	**(14)**	**785**

19. Trade receivables

Trade receivables are comprised of the following:

thousands of Euro	As of September 30, 2013	As of December 31, 2012	Change
Trade receivables			
- from third party	98,250	101,960	(3,710)
- from MIPAAF	25,247	26,736	(1,489)
- from stables, jockeys and bookmakers	551	529	22
- from the parent Global Games S.p.A.	0	6	(6)
- bills for collection	1,566	965	601
- allowance for doubtful accounts	(42,560)	(38,359)	(4,201)
Total	**83,054**	**91,837**	**(8,783)**

The receivables due from third party include the balances due as of September 30, 2013 from the managers of betting acceptance (bets and gaming machines), net of the compensation due to them.

The receivables due from third party also include the receivables subject to legal action of SNAI S.p.A. for Euro 46,178 thousand (Euro 44,496 thousand at December 31, 2012).

The receivables due from MIPAAF (ex ASSI absorbed by MIPAAF – Ministry for Agriculture) amounts to Euro 25,247 thousand and includes:

- Euro 13,053 thousand for receivables related to invoices issued in 2012 and during the nine months ended September 30,2013 and to the receivable for the periods from 2009 to June 30, 2012, related to grants receivable for the so-called personalisation of the city racecourses. It also includes Euro 6,938 thousand of receivables for bonuses pending from MIPAAF to be paid to stables, jockeys and bookmakers.
- Euro 12,194 thousand related to the contract stipulated by Teleippica S.r.l. for transport services, the processing and transmission of the video and audio signals from Italian and foreign horseracing tracks, production and transmission of the UNIRE (ex ASSI) BLU channel dedicated to sales points for the acceptance of "national" horse betting; daily presentation and broadcast of programmes and other connected services.

Theallowance for doubtful accounts was calculated taking into account the amount of receivables that were doubtful, analysing debtors' specific conditions and eventual security that had been provided towards the companies of the Group, and also carrying out an assessment of the possibility of recovering overdue receivables, and disputed receivables, based on the opinions of the Group's legal advisors. This provision is considered to be adequate to cover all foreseeable future losses on receivables.

20. Other non-financial assets

The other non-current assets, classified under the other non-financial assets, are comprised of the following:

thousands of Euro	**As of September 30, 2013**	**As of December 31, 2012**	**Change**
Other non-financial assets			
Tax receivables			
- for tax refund	62	62	0
- for tax under dispute	114	73	41
- for IRAP refund	0	24	(24)
- for taxes on assets	54	54	0
	230	**213**	**17**
Receivables from others:			
- guarantee deposits	1,696	1,584	112
	1,696	**1,584**	**112**
Receivables from client:			
- bills for collection	755	544	211
	755	**544**	**211**
Total other non-financial assets	**2,681**	**2,341**	**340**

The guarantee deposits include among others, Euro 500 thousand related to the deposit paid to the company P4Pay S.r.l. for the guarantee on the PostePay cards, and Euro 500 thousand deposited in court, in favour of a customer, as a result of the malfunction of the VLT Barcrest platform. For further details, please refer to the section *"Disputes brought by customers claiming to hold inning tickets as a result of the malfunction of the VLT Barcrest platform"*, included in Note 28.

Other current assets are comprised of the following:

thousands of Euro	As of September 30, 2013	As of December 31, 2012	Change
Other current assets			
Tax receivables:			
- for IRES credit	1,173	1,284	(111)
- for IRAP credit	509	1,446	(937)
- other	461	188	273
	2,143	**2,918**	**(775)**
Receivables from others:			
- Gaming machines security deposits	10,392	14,181	(3,789)
- Advance payment of AAMS concession fees	2,687	988	1,699
- Receivables from AAMS for winnings on pool betting and National Horse Races	111	81	30
- Online gaming security deposit (Skill /Bingo)	218	336	(118)
- Receivables for Skill Games	49	180	(131)
- Other receivables from Betting Acceptance Points	136	135	1
- Receivables for AAMS positions related to purchases of business units	296	296	0
- Receivables from AAMS in connection with Di Majo Award	0	9,940	(9,940)
- Receivables for payment of PREU interest and sanctions that were not due	2,114	2,114	0
- Receivables for the reimbursement of fees on guarantees	48	48	0
- Receivables from Bluline electronic purse	226	226	0
- Benefits entities	316	144	172
- Other receivables	2,897	2,128	769
- Allowance for doubtful accounts	(2,136)	(2,196)	60
	17,354	**28,601**	**(11,247)**
Accrued income and prepaid expenses			
- Accrued income	16	16	0
- Prepaid expenses	4,279	4,829	(550)
	4,295	**4,845**	**(550)**
Total other current assets	**23,792**	**36,364**	**(12,572)**

The Gaming machines security deposit of Euro 10,392 thousand (Euro 14,181 thousand) is equivalent to 0.5% of the turnover generated by the gaming machines (AWP and VLT) as described in greater detail in Note 4 "Revenues from sales and services". On June 13, 2013 the Gaming machines security deposit related to 2012 for Euro 14,035 thousand was reimbursed.

The Advance payment of AAMS concessionfees, of Euro 2,687 thousand includes the amounts paid in advance to AAMS for the first and second halves of 2013 and relates to the concession fee for horse race and sports betting and for online gaming; further detail thereof is provided in Note 9.

The Receivables from AAMS in connection with Di Majo Award, regarded certain amounts receivable as compensation by operators and third-party concession holders from AAMS under the Di Majo Award, which were assigned to SNAI in December 2011 and June 2012. Once an agreement has been reached between the majority of participants in the award, SNAI S.p.A. will act on behalf of the concession holders in handling the compensation that AAMS is to pay. For this reason SNAI SpA purchased the receivables, which will be paid only to the extent that AAMS pays out on all of the compensation amounts. In fact, the liability towards the participants who assigned their claims to SNAI has been recorded among other liabilities (Note 29). As from August 5, 2012 the Company has begun to make set-offs between the liabilities for the collection of bets, due every two weeks (the “ex ASSI fifteen-day payments”) and the amounts receivable by the horse race concession holders from AAMS under the di Majo Award, purchased by the Company in December 2011 and June 2012. As specified in the agreement between the Company and the transferors, SNAI has offset its own overdue trade receivables from those horse race concession holders against the claims and/or to pay the residual balances onto the escrow accounts. (see Note 21). At September 30, 2013 all of the receivables have been offset.

21. Current financial assets

These are comprised of the following:

thousands of Euro	As of September 30, 2013	As of December 31, 2012	Change
Current financial assets			
Segregated bank accounts	6	7	(1)
Escrow accounts and restricted deposits	19,264	10,241	9,023
Società Fiorentina Corse Cavalli shares swap	1	1	0
Total current financial assets	**19,271**	**10,249**	**9,022**

The escrow accounts were opened by the Company in order to manage the amounts arising out of the setoff between the amounts receivable from AAMS under the Di Majo Award, and the liabilities for the collection of bets, due every two weeks -the "ex ASSI fifteen-days payments". (See Note 20 for further details). These escrow accounts have been used pending the issue of the conclusive court order in the litigation pending between the horse race concession holders and the Ministry of Finance and the Ministry for Agricultural Policy.
At the hearing of December 14, 2012, the Court of Appeal of Rome withheld Sentence and assigned to the parties the procedural deadlines to submit their final briefs/ conclusions.
The parties have filed their final briefs between January and March. The proceedings were withheld for decision and therefore the judgment is now pending.
The restricted deposits held in bank accounts relate to amounts which are temporarily unavailable due to enforcement actions undertaken by others. Such amounts include various distraints notified on the basis of a single enforcement action, taken against a number of different accounts.
Escrow accounts and restricted deposits held in bank accounts are not included in the Net Financial Position (see Note 38).

22. Cash and cash equivalents

The Cash and cash equivalents are comprised of the following:

thousands of Euro	As of September 30, 2013	As of December 31, 2012	Change
Current bank accounts	22,556	10,789	11,767
Postal deposit	26	17	9
Cash on hand	218	204	14
Cash and cash equivalents	**22,800**	**11,010**	**11,790**
Bank overdrafts	0	0	0
Net cash and cash equivalents	**22,800**	**11,010**	**11,790**

23. Shareholders' equity

The share capital of the parent company SNAI S.p.A., fully underwriiten and paid up, amounts to Euro 60,748,992.20 at September 30, 2013 (Euro 60,748,992.20 at December 31, 2012) and is comprised of No. 116,824,985 ordinary shares (No. 116,824,985 ordinary shares at December 31, 2012).
The holders of ordinary shares are entitled to receive such dividends as are resolved upon from time to time, and have one vote in the company's shareholders' meetings for each share they hold .

number of shares authorised	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 the share capital are unchanged with respect to December 31, 2012.
All of the shares issued are ordinary shares.
The parent company SNAI S.p.A. does not hold treasury shares, neither directly nor through its subsidiaries or associates or affiliates.

Reserves

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

Share premium reserve
The share premium reserve amounts to Euro 108,282 thousand, was created following the share capital increase resolved on September 14, 2006 and concluded on January 15, 2007, for Euro 219,535 thousand reduced by accessory charges, net of the tax effects Euro 8,216 thousand, as prescribed by IAS 32. This reserve was utilised for Euro 56,974 thousand to cover part of the losses for the year 2010 and the losses for the year 2011 and for Euro 46,063 thousand to cover the loss for the year 2012 and to reintegrate the losses brought forward for Euro 3,503 thousand, as resolved by the shareholders' meeting of April 26, 2013.

Cash Flow Hedges reserve
The cash flow hedges reserve was negative for Euro 3.887 thousand and consisted of derivatives being taken directly to equity(see Note 34).

Reserve for the remeasurement of employee termination indemnity (IAS 19)
The reserve for the remeasurement of employee termination indemnty (IAS 19) amounts to Euro - 508 thousand and is derives from the recognition of actuarial gains/losses at December 31, 2012 directly in shareholders' equity.

Profit (losses) carried forward
Profit (losses) carried forward amount to Euro 967 thousand.

Non-controlling interest
At September 30, 2013 these show a zero balance, given that none of the subsidiaries consolidated using the line by line method have non-controlloing interest shareholders.

24. Other comprehensive income/(loss)

The other components of comprehensive income relate to the recognition of derivatives directly in cash flow hedge reserve in shareholders' equity. In August 2011 two interest rate swap contracts were stipulated to hedge against interest rate risk.
The table below shows details of the components of other comprehensive income (for further detail see Notes 27 and 34).

For the nine months ended September 30,			III° quarter	
2013	2012 restated		2013	2012 restated
		Other comprehensive income reclassifable to the statement of income		
		Hedging instruments :		
4,046	(4,585)	Adjustment to cash flow hedge reserve	610	(1,462)
(1,113)	1,261	Tax effect	(168)	402
2,933	**(3,324)**	**Derivative instruments for hedging:**	**442**	**(1,060)**
2,933	**(3,324)**	**Other Comprehensive income/(loss) net of taxes**	**442**	**(1,060)**

25. Loss per share

Basic loss per share
The calculation of the basic loss per share as of September 30, 2013 was made taking into consideration the loss attributable to the holders of ordinary shares, for Euro 14,472 thousand (December 31, 2012: loss of Euro 42,560 thousand) and the weighted average number of ordinary shares in circulation during the period ended on September 30, 2013, 116,824,985 shares (December 31, 2012: 116,824,985).

The table below sets forth the calculation:

in thousands	For the nine months ended September 30, 2013	For the year ended December 31, 2012	For the nine months ended September 30, 2013 restated
Net loss for the period (a)	(14,472)	(42,560)	(26,528)
Weighted average number of ordinary shares/1000 (b)	116,824,99	116,824,99	116,824,99
Basic loss per share (a/b)	**(0.12)**	**(0.36)**	**(0.23)**

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

26. Employee termination indemnities

The Employee termination indemnities amount to Euro 4,546 thousand at September 30, 2013, against Euro 5,190 thousand at December 31, 2012.
The table below shows the movements therein during the period:

thousands of Euro	
Balance at January 1, 2013	**5,190**
Accruals	58
Utilisation	(798)
Financial charges	96
Actuarial losses/(gains)	0
Balance at September 30, 2013	**4,546**

The Employee termination indemnities are are considered to be defined-benefit plans and are accounted for in accordante 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 departure, and discounting that liability to present value on the basis of an assumption as to the timings of their resignation calculated using actuarial methods..

27. Financial liabilities

These are comprised of the following:

thousands of Euro	As of September 30, 2013	As of December 31, 2012	Change
Non-current financial liabilities			
Secured loans	335,516	328,866	6,650
Due for financial leasing	2,635	6,164	(3,529)
Interest rate SWAP	5,371	9,406	(4,035)
Total other non-current liabilities	**343,522**	**344,436**	**(914)**
Current financial liabilities			
Current portion of long-term loans from banks	30,409	16,100	14,309
Credit lines granted by banks	18,000	9,000	9,000
Due for financial leasing	4,414	9,902	(5,488)
Due to banks	229	1,038	(809)
Due to "Betting Acceptance Points" for the purchase of horse race and sports Concessions business units	42	155	(113)
Total current financial liabilities	**53,094**	**36,195**	**16,899**

Financial liabilities included, in particular:

- the loan stipulated on March 29, 2011, (described in the following paragraphs) recorded at amortised cost for a total of Euro 383,925 thousand, (nominal value of Euro 396,498 thousand) and stated net of direct accessory charges. These accessory charges include professional fees related to the obtaining of the loan, as well as the tax payable on the assumption of the loan, for Euro 23,510 thousand, whose Euro 2,312 thousand have been charged to the statement of income for the nine months ended September 30,2013;
- financial liabilities for financial lease contracts, for a total of Euro 7,049 thousand, refer essentially to the residual balances on contracts for the acquisition of a building situated in Porcari (LU) and of technology for use in bet collection sales points, described in greater detail in Note 14, "Property, plant and equipment";
- the recognition at fair value as of September 30, 2013 of two Interest Rate Swap contracts, underwritten in August 2011 with two leading banks for a total value of Euro 300 million which came into effect on December 31, 2011 and expire on December 31, 2015, as described in greater detail in Note 34. The stipulation of interest rate hedging contracts was foreseen under the terms of the loan taken out in March 2011, in relation to a part thereof.

The Group has no financial liabilities due after 5 years from the reporting date.

Following an agreement reached on March 8, 2011 with Unicredit S.p.A., Banca IMI S.p.A. and Deutsche Bank S.p.A., SNAI S.p.A., has underwritten a medium/long term credit facility contract, comprising a number of different credit lines, for an initial total nominal value of Euro 490 million; this operation was subject to the finalisation of the acquisition by Global Games S.p.A. of the majority holding in SNAI S.p.A., previously owned by SNAI Servizi S.p.A.. The outstanding loan amounts to Euro 433 million at September 30, 2013 following the cancellation in November 2012 of the Acquisition facility of Euro 60 million, given that it had not been utilised within the agreed period. In addition a further drawdown of Euro 3.2 million was made on the Disposal facility.

The above credit facilities bear interest on the basis of the euribor rates, as contractually defined and determined, plus a margin, varying generally between 3.50 to 9.00 % per annum and which may be subject to adjustment due to the effects of the so-called Margin Ratchet.

The facilities are summarised in the following table:

figures in thousands of Euro

Facility	Nominal value of loan	Duration	Interest period	Due date	Repayment method	Drawdowns/Repayment Date	Drawdowns/Repayment Amount
Facility A	115,000	6 years from the execution date of the agreement	3 months	03/29//2017	Amortizing (12 six-monthly instalments starting from December 31, 2011)	03/29/2011	115,000
						12/31/2011	-1,150
						06/29/2012	-1,150
						12/28/2012	-4,600
						06/29/2013	-4,600
							103,500
Facility B	135,000	7 years from the execution date of the agreement	3 months	03/29/2018	Bullet	03/29/2011	135,000
Capex facility	80,000	7 years from the execution date of the agreement	3 months	03/29/2018	Amortizing (9 six-monthly instalments starting on June 30, 2014)	03/29/2011	11,750
						04/28/2011	23,000
						03/29/2012	3,000
						08/21/2012	9,000
						07/01/2013	20,000
							66,750

Disposal facility	70,000	7 years and 6 months from the execution date of the agreement (extension made in September 2012)	6 months	09/28/2018	Bullet	03/29/2011	70,000
Pik margin on Disposal facility	3,248	4.5% annual of Disposal Facility	6 months	09/28/2018	Bullet	09/30/2013	3,248
Revolving facility	30,000	6 years from the execution date of the agreement	1, 3 or 6 months	03/29/2017	Each loan must be repaid on the last day of the interest period. Throughout the duration of the facility, the amounts repaid may be re-utilised.	11/09/2012	9,000
						01/18/2013	9,000
							18,000
Total	**433,248**				**Nominal value of loans as of 09/30/2013**		**396,498**

The loan contracts contain the obligation to respect certain financial covenants, to be calculated since December 31, 2011. These Covenants regard, inter alia: the EBITDA, net financial indebtedness, and investments. All of the parameters of the abovementioned covenants have been met as of September 30, 2013 Reference should be made to Note 38.1 for further detail.

28. 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 any material adverse effect on the consolidated financial statements, with the exception of that indicated below in relation to the possible effects on the Group's net result for the period, net financial indebtness and shareholders' equity as of and for the year ending December 31, 2013 which may derive from the eventual fast track option conclusion of the litigation on the Judgment no. 214 published by the Lazio Section of the Court of Auditors on February 17, 2012.
A summary of the more significant proceedings is provided below; except as indicated otherwise, no provision has 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.

The provisions for risks and charges amount to Euro 15,716 thousand as at September 30, 2013. Details of the amounts, and changes thereto, are set forth in the following table.:

thousands of Euro	**Provision for technological renewals**	**Provision for litigation, tax disputes contractual risk**	**Total**
Balance at December 31,2012	**2,716**	**22,420**	**25,136**
Provisions accrued during the period	217	842	1,059
Utilisation for the period	0	(10,479)	(10,479)
Balance at September 30, 2013	**2,933**	**12,783**	**15,716**

Technological renewals
This provision includes:
- Euro 2,753 thousand of periodical accruals for technological updates, as required by the terms of the concession agreement for the realisation and operation of the network for online management of legal

gaming through AWP machines, as specified in art. 110.6 of the Consolidated Law Enforcement Act (TULPS) and subsequent amendments and integration, and of the associated activities and functions;
- Euro 180 thousand from estimated costs to be sustained for the technological adjusting in betting terminal.

Provision for litigations, tax disputes and contractual risks
The provision for risks related to litigation, tax disputes and contractual risks include the aggregate estimated amount required to address risks in the resolution of disputes regarding taxes, duties and social security for Euro 12,783 thousand.

The accrual for the period of Euro 842 thousand comcerns: with regards to Euro 500 thousand to ongoing negotiations with credit institutions related to sums erroneously charged to the Group by their computer systems, with regards to Euro 270 thousand to legal disputes with employees and with ex-employees and with regards to Euro 72 thousand to costs related to companies in liquidation.

The utilisation of Euro 10,479 thousand during the period relates to the following:

- for Euro 2,886 thousand to the definitive notification of the penalties and interest for the late payment of the Single Tax for the years 2009 and 2010: the total sum payable amounted to Euro 5,534 thousand, whose Euro 1,879 thousand paid in June and the remaining part reclassified under payables due to tax authorities;
- for Euro 3,412 thousand to the definitive notification of the penalties and interest for the late payment of the 2010 PREU, reclassified to other payables;
- for Euro 1,465 thousand to the penalties requested by AAMS for the Barcrest matter;
- for Euro 191 thousand to the balance of the 2012 PREU;
- for Euro 380 thousand to the final outcome of the Tax Assessment related to the year 2011;
- for Euro 434 thousand to settlements with employees and collaborators;
- for Euro 1,526 thousand for legal and consultants' fees ;
- for Euro 185 thousand to other utilisation.

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

In its capacity as concession holder for the management of the remote network for entertainment devices, in June 2007 SNAI received a notification from the Regional Prosecution Authority of the Lazio Court of Auditors, inviting it to present its arguments in respect of an investigation concerning a presumed loss of tax revenues resulting from the fact that only a part of its entertainment devices (gaming machines) had been correctly connected to the national network used by AAMS to calculate the PREU tax. The presumed loss to the Treasury was estimated at approximately Euro 4.8 billion, comprised entirely of penalties for the alleged breach by the concession holder of the minimum service levels specified in the concession agreement.

In the same month of June 2007, AAMS issued contractual penalty notices for a total of Euro 20 million, against SNAI.
SNAI, together with other concession holders, took the matter before the Italian Supreme Court (Corte di Cassazione), claiming that the Court of Auditors had no jurisdiction over the matter.
The Company has also lodged an appeal with the Regional Administrative Tribunal (TAR) contesting the AAMS decisions.
At a hearing of December 4, 2008, the Lazio Court of Auditors' Jurisdictional Section ordered the suspension of the proceedings pending the ruling of the Supreme Court.
The Supreme Court ruled that a claim for a loss of tax revenues could be brought under the same action as a claim for contractual liability (a matter for AAMS and the administrative courts), however the decision did nothing to diminish the ambiguity of the original claim for a loss of tax revenues, which in our legal advisors' view, renders the claim before the Court of Auditors now void, on the basis of recent changes in Italian legislation.

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

In any case, following the decision pronounced by the Court of Cassation, the Court of Auditors has once more taken up the case, and on March 24, 2010 the Company received a summons from the regional prosecutor of the the Court of Auditors to attend a hearing on October 11, 2010; the hearing ended, after lengthy discussion and argument with the prosecutor, with all of the proceedings being withheld for judgment. SNAI's legal counsel presented comprehensive arguments against all of the allegations, and the Court of Auditors has withheld judgment.

The ordinance issued by the Court of Auditors on that occasion called for an expert technical appraisal to be carried out by DIGIT-PA, with participation of the parties and the prosecutors, and assigning the deadline of August, 11 2011 for the filing of preparatory documents; this deadline was subsequently extended to the end of September. DIGIT-PA filed its technical report on September 30, 2011. The Company filed its own technical report on October 27, 2011.

At the hearing of November 24, 2011 legal counsels for the concession holders and the AAMS executives filed their defense, in reply to the allegations of the public prosecutor, who – the defendants learned only at the beginning of the hearing, and only because one of the judges mentioned the fact – filed additional evidence on March 22, 2011. The legal counsel of the concession holders filed a request for a delay, in order to consider the new evidence, and in view of the fact that it had been kept concealed despite the repeated declarations that no more evidence would be produced by the public prosecutor. The President of the Court was unwilling to uphold the request for a delay, and oral submissions were made, with a declaration that the defendants did not have the opportunity to respond to the evidence. The counsel of SNAI argued that the decision could only be of non condemnation if based on the new evidence, as a decision based on the evidence filed by the public prosecutor on March 22, 2011 would be void. Apart from this judicial accident, the defendants' counsel were fully able to argue in support of the other defense, in respect of the fairness of the hearing (inadequate, in SNAI's view, as the prosecution had merely notified SOGEI and brought no specific claim against), and the other inadequacies in the arguments of the public prosecutor.
On the merits of the claim, SNAI's arguments regarded the efficiency of the services, the inconsistency of an autonomous sanctionability different from the application of the contractual penalties falling within the jurisdiction of the Council of State (and which had repeatedly found such penalties to be unjustified), and finally, the inexistence of grounds for asserting gross negligence.
After lengthy discussion the Court reserved its decision.

The decision No. 214/2012, published on February 17, 2012, condemns all of the concession holders involved. SNAI was ordered to pay an amount of Euro 210 million (including monetary revaluation) plus legal interest from the date of the order, as compensation for the alleged loss of tax revenues consequent to the Company's alleged breach of the service levels required under the concession.
On May 11, 2012 SNAI lodged an appeal against the Judgment No. 214/2012 on numerous different grounds. This appeal suspends the enforceability of the Judgment.
In light of the arguments made and the legal advice received, the Directors believe that the risk that the Company be eventually declared responsible is at present no more than possible, and in any case for amounts likely to be reduced with respect to those set out in the judgment.
For these reasons, no provisions have been made other than the amount estimated for legal costs.

It should be noted that the eventual unfavourable outcome to the appeal and a failure to reduce the amount of the sanction imposed would have a negative effect upon the ability of the Group to continue as a going concern.

In any case, taking advantage of the option permitted by article 14 of DL 102/2013, without this being construed as constituting any admission of responsibility regarding the improper execution of their concession agreement, and due to their desire to eliminate the uncertainty deriving from the outcome of the judgement pending, on October 15, 2013 SNAI presented an application for the fast track option to conclude the dispute, offering to pay the 25% of the penalties imposed by the Judgment No. 214/2012 and therefore the sum of Euro 52.5 million. The application is currently under review by the Appeals Section of the Court of Auditors which must evaluate the admissibility thereof and determine an amount between the 25% proposed and the maximum amount of 30% foreseen by current legislation. The related council chamber has been set for October 30, 2013. In the event of the non-admissibility to the fast track option to conclude the litigation, the appeal shall continue along its normal course.
In the meantime the DL 102/2013 has been converted into Law with amendments which affect both the percentage proposable in order to obtain the fast track option(reduced from 25% to 20%) and both the timing of the payment (no later than November 4, 2013) and the timing of the decision of the Appeals Section of the Court of Auditors (no later than November 9, 2013); this requires that the Company shall deposit, within the said date of November 4, 2013, an additional application asking to be admitted to the abovementioned percentage reduction and attaching proof of payment of 20% of the penalties imposed by the Judgment No. 214/2012 and equal to Euro 42 million.
The interest charges matured must be added to the amount payable in either case.

The group is currently continuing its efforts to obtain the necessary funds.

The interim condensed consolidated financial statements as of and for the nine months ended September 30, 2013 do not include the effect on the Group's net result, net financial indebtness and shareholders equity deriving from the payment of the abovementioned sums.

In the event that SNAI concludes one of the fast track options to define the Judgemt described above, it would have to pay a sum between 20% and 30% of the penalties imposed by the Judgment, depending upon which legislative ruling be applied following the decision of the Court of Auditors, for an amount, including interest, between Euro 43.8 million and Euro 65,7 million. These amounts would have a negative impact for the corresponding amount on the Group's net result, net financial indebtness and shareholdings equity as of and for the year ending December 31, 2013.

The parallel action brought by SNAI and other concession holders in order to claim nullity of the summons for conflict with article 17, paragraph 30-ter, of Law Decree 78/2009 ("Bernardo Award"), was concluded with Sentence n.573 of September 10, 2013 in which Third Appeals Section of the Court of Auditors confirmed the rejection of the nullity claim, while partially correcting the motivation for the first level sentence.
With reference to the decisions issued by AAMS, the Regional Administrative Court had already ruled on the contractual penalties imposed by AAMS in June 2007, suspending their application first, and then ordering their cancellation by Judgment No. 2728 of April 1, 2008, now become definitive. In relation to a first group of three allegations – regarding an alleged delay in startup, activation, and operation of the network – AAMS again sought to impose the penalties, under notices with references 33992/Giochi/UD of September, 2 2008, 38109/Giochi/UD of October 1, 2008, and 40216/Giochi/UD of October 16, 2008, for a total amount of more than Euro 2 million, against SNAI, which has challenged these decisions before the Regional Administrative Court of Lazio.

The Sentence issued by the Lazio Regional Administrative Court (TAR) No. 12245/2009 on December 1, 2009 that dismissed that second appeal, in a similar manner to the appeals from the other nine concession holders, has been appealed by SNAI. The hearing was held on May 20, 2012, and by its sentence no, 2192/2012 of April 16, 2012, the Council of State upheld the appeal, and declared void the notices under which the first three penalties were issued.
On June 23, 2012, the Company was served notice that SOGEI S.p.A. was bringing a third-party appeal against decision No. 2192/2012. SNAI will timely plead in the proceedings as soon as a hearing date is fixed.

With notice no. 2011/6303/Giochi/ADI of February, 22 2011, AAMS formally reinstated the procedure for the application of the fourth penalty, related to the alleged breach of the Gateway's service level in the period from July 2005 to March 2008, when the new additional agreement abolished its provision for the future.

Based upon the information and criteria set out by the Technical Commission, and in compliance with the annual maximum threshold introduced by the most recent contractual changes, AAMS imposed the penalty upon SNAI in an amount of Euro 8,480,745 (reduced to Euro 7,463,991.85 in order to comply with the threshold for the year 2005, in the event the Council of State upheld the first three penalties).

After partial access to the computer data obtained to SOGEI S.p.A., SNAI set out detailed arguments in writing on June 8, 2011, both procedural and substantive, regarding the reliability and accuracy of the allegations, and reserved its rights to investigate further, upon completion of its access to the documents.

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

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

In view of the above, and on the basis of its legal advisors opinions, the Group considers the risk of a negative outcome as no more than possible.

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

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

On January 8, 2009, AAMS – the Regional Office for Tuscany and Umbria, Florence, notified SNAI of the findings obtained from automatic controls of payment of the PREU tax in relation to 2004 and 2005, which had showed errors and deficiencies, promptly notified on February, 6 2009. AAMS wrote on June, 25 2009 that as a result of its observations, the errors and deficiencies identified had been taken into consideration. A further review by AAMS resulted in a further notice, dated June, 25 2009, claiming PREU of Euro 729 thousand, interest of Euro 451 thousand, and ordinary penalties of Euro 11,780 thousand, which, reduced to one-sixth, would amount to Euro 1,963 thousand.

On July, 29 2009, an application was made for payment by installments, in the manner indicated by the notice, and AAMS accepted that application on July 30, 2009. On the same date, the Company duly made payment of the first installment. At the same time, on July 30, 2009 a claim was filed before the Regional Administrative Court in Lazio against the notice. A similar mechanism was applied for the PREU for 2006, in relation to which AAMS demanded tax in the amount of Euro 243 thousand, interest of Euro 151 thousand, and reduced penalties in the amount of Euro 556 thousand, in relation to which payment by installments over a number of years has been agreed. On the basis of specific legal advice, the Company considers that there are reasonable grounds for considering that the appeal contesting the notice will be successful, which would mean, in particular, the removal of the claims applying interest and fines, in respect to which the Company has prudentially agreed, with the benefit of deferred payment.

As a consequence of the above, the Company has recorded the tax requested for the years 2004-2006 among its other liabilities, and has accrued an appropriate amount to its provisions for risks to meet eventual liabilities related to any sanctions that may result from the on-going legal disputes.

On December 30, 2009, AAMS indicated a sum that SNAI could pay by way of amicable settlement in respect of the PREU due for 2007. The amount requested was approximately Euro 2.8 million of PREU, and Euro 300 thousand of penalties and interest. On February 2, 2010, SNAI responded, offering substantive arguments, in particular with respect to AAMS's calculations. The Company pointed out errors and inadequacies in the observations set forth in AAMS's notice, and quantified the amounts due for PREU tax at Euro 646 thousand and the amount due for interest and penalties at Euro 765 thousand. These sums were admitted for payment in 20 quarterly installments, the first on August, 2 2010 and the last on June, 1 2015. The amount payable was recorded among liabilities, to which reference should be made for further details, with utilisation of provisions were recorded for the same amount.

On December 16, 2010, AAMS indicated a further sum that SNAI could pay by way of amicable settlement in relation to 2008, for an amount of Euro 127 thousand as PREU, and Euro 149 thousand as penalties and interest. The Company has filed observations and comments. On June 30, 2011, SNAI received the definitive request related to the 2008 PREU for a total of Euro 183 thousand (Euro 45 thousand of PREU, Euro 105 thousand of penalties and Euro 33 thousand of interest). On July 22, 2011 SNAI paid tjhis amount in full.

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On January 5, 2012, AAMS indicated another f interest and Euro 339,222.69 of penalties Euro 64,137.09 of PREU, Euro 20,486.38 of interest and Euro 339,222.69 of penalties, against which SNAI replied on February 2, 2012. On June 25, 2012, SNAI received the definitive request relative to the 2009 PREU for a total of Euro 137,907.91 (Euro 25,394.40 of PREU, Euro 5,227.96 of interest and Euro 107,285.55 of penalties). This amount, which had already been accrued in the provisions for risks, as of December 31, 2011, was reclassified to liabilities during the year 2012 following agreement on payment by instalments.

On January 2, 2013, AAMS made another offer settlement for the PREU related to the year 2010, with on the one hand, a receivable for SNAI representing overpayment of PREU for an amount of Euro 21,947.21, and, on the other hand, reduced penalties of Euro 2,933,107.07 and interest of Euro 478,809.97 for late payment.

On January 31, 2013 SNAI filed arguments aimed at obtaining a revision of the calculations set out in the amicable settlement notice

On June 27, 2013 SNAI received the definitive request related to the 2010 PREU for Euro 478,743.04 of interest and Euro 2,932,904.43 of reduced penalties. SNAI has asked to pay these sums by instalment.

The Directors accrued a specific provision as of December 31, 2012 related to this liability and as of June 30, 2013 the provision has been reclassified as other current liabilities.

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

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 RD No. 1214/1934, and an application under article 41 of RD No. 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 a decree of the President of the Lazio regional section of the Court of Auditors, a further request was made for account rendering, with a deadline for deposit. SNAI contested the classification through a defensive paper, alleging that it never handled public money in its capacity as entity liable for PREU. On April 27, 2010, the regional public prosecutor issued a notice against SNAI for failure to render an account. At a hearing of October 7, 2010 concerning the penalty sought by the prosecutor for alleged delay in producing an account, the Court heard arguments from the prosecutor and the defense, by SNAI and other concession holders that were similarly involved in the proceedings.
The legal counsels filed detailed arguments as to the substantial lack of grounds for the prosecution's demands, and they believe that the Court might consider requests for release from liability for delay, considering the modalities of account rendering through electronic communication of the relevant data to Sogei S.p.A., replacing the rules governing entities who "handled" public money which date back to 1862.

At the hearing of October 7, 2010, with Sentence No. 2186/2010, the Court of Auditors rejected the public prosecutor application, finding that AAMS had been responsible for the absence of the court account within the statutory period. On 11 March 2011, SNAI was served notice of appeal In the view of the Company's legal advisors, the grounds of the appeal may be reasonably overcome, and defense arguments were prepared for a hearing date of March 13, 2013, where the matter was deferred to a new hearing for December 18, 2013.
On the basis of advice from the Company's legal advisors, the risk of losing the dispute may be classified as not probable, and accordingly, the Directors have only made provision for the estimated legal expenses associated with the defence.

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

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

On April 16, 2012, the Barcrest System (one of the VLT platforms used by the Company) experienced an abnormal peak of requests for the payment of a "jackpot" against tickets which were only apparently winners, for various sums both within and even well beyond the legal limit of Euro 500,000.00 .
SNAI immediately blocked the Barcrest System – also further to an order issued by AAMS – i to carry out the necessary controls and inspections. Since that day, the Barcrest System is no longer operative. 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 April 16 , 2012.

This event resulted in the following:

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

On May 29, 2012, AAMS raised two specific measures related to the events of April 16, 2012, the first related to a possible revocation of the certificate of conformity for the SNAI-Barcrest 01 gaming system, and the second to a possible revocation of the concession.
By a decision of September 21, 2012, ref. 2012/42503/Giochi/ADI, AAMS revoked the certification of conformity of the SNAI-Barcrest 01 gaming system, prohibiting gaming on that system, which SNAI had already blocked as of April 16, 2012. SNAI has already fulfilled its duties as required under the regulations and the terms of the concession, for the removal of the Barcrest devices from retail points.
The procedure related to the possible termination of the concession ended with a decision, ref. 2013/8342/Giochi/ADI, served to the Company on February 22, 2013, under which AAMS determined on no

revocation of the concession, and limited to the application of certain contractual penalties for a total amount of approximately Euro 1.5 million.

The procedure related to the possible termination of the concession ended with a decision, ref. 2013/8342/Giochi/ADI, served to the Company on February 22, 2013, under which AAMS determined on no revocation of the concession, and limited to the application of certain contractual penalties for a total amount of approximately Euro 1.5 million.

With the decision, ref. 2013/2070/Giochi/ADI of June11, 2013, served to the Company on June 18, 2013, AAMS determined in Euro 1,465,000.00 the final penalty to be paid by SNAI for within 60 (sixty) days from the notice.
SNAI paid within the terms.

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

Following the malfunctioning of the VLT Barcrest platform on April 16, 2012, certain customers claiming to hold winning tickets, started a variety of proceedings seeking payment of the amounts indicated on the tickets issued by VLT Barcrest during the malfunctioning and/or compensation for damages sustained.
In particular, as of September 30, 2013, 84 sets of proceedings, and 1 application for mediation had been brought.
Of the 84 proceedings, nine included interim orders that were temporarily enforceable, as follows:
• in two cases, the customers obtained the assignment of Euro 500,000 each , and in one of these cases SNAI obtained the suspension of the interim order's enforceability and applied for 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 payment by SNAI to the court of Euro 500,000;
• in the remaining six cases, temporary enforceability was suspended pending summary examination of the substantive case, and in three of those, the enforcement procedure was discontinued.

We would also point out that one case has in the meantime become extinct due to inactivity on the part of the player.

Subsequent to September 30, 2013 a further interim order that was temporarily enforceable was brought, against which SNAI has appealed to discontinue the enforcement procedure. In the meantime the customer commenced the enforcement procedure against which SNAI intends to appeal.

In all of the above cases SNAI will be appealing against the above proceedings, arguing against the demands for payment in fact and in law, in view of the fact that, as the markets and the relevant regulatory authorities have already been informed, no valid jackpot existed at any time in the course of April 16, 2012.
In view of the considerations set out, and the advice of its legal advisors, the Directors consider that the risk of the Company losing should not be considered anything more than possible.

In the course of 2012, SNAI brought a claim against Barcrest and its parent company for compensation of all losses consequent to the malfunction of April 16, 2012..
These companies appealed against SNAI 's claims, and asked to condemn SNAI to the payments of the receivables for due fees and the damages to be defined through the course of the cause.

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

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

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

Lawsuits related to the betting business: Guaranteed minimum service levels

SNAI has received a number of notices from AAMS concerning the reduced volumes of transactions by certain betting acceptance points during the years 2007-2008 and for which AAMS has requested the minimum guaranteed service fees as specified in the concession agreements. We report the latest developments of the various measures analyzed by year of contestation.

With AAMS notice No. 2009/20716 of May 29, 2009, AAMS demanded that SNAI pay the minimum guaranteed amounts for the year 2008, for a total of approximately Euro 11.1 million. On September 17, 2009, the Company, through its legal advisors, submitted an appeal to the Lazio Regional Administrative Tribunal (TAR) for the the suspension and subsequent cancellation of the decisions requiring the minimum payments for the year 2008.

The TAR of Lazio has upheld, with Sentence no.10860/2009 published on November 5, 2009, the appeal submitted by SNAI, cancelling AAMS's demands related to the year 2008.

A similar procedure was performed for the request advanced by AAMS for the year 2009 in relation to 204 horse betting concessions, for a total sum of Euro 7.4 million in respect of which an interim application was brought before the same 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 July 7, 2009, cancelling the request of payment of AAMS as illegitimate, on the basis that such requests were not anticipated by the safeguard measures set out in the law in respect of those concessionaries existing prior to the opening of market pursuant to D.L. no. 223/06 (the so-called Bersani reforms). The Regional Administrative Court (TAR) also declared that AAMS 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.

On the basis of the above, it may reasonably assumed that SNAI shall benefit, in all of its directly-held concessions, from the complete reshsaping of the requests advanced by AAMS 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 AAMS's request in relation to 2006, paying guaranteed minimums for an amount of Euro 2.4 million. The amount paid has been posted as a receivable towards AAMS, as it is now considered recoverable; and the Company has informed AAMS that it would be seeking to enforce its rights in all appropriate courts, in order to have a recalculation on an equitable basis of all the amounts requested, and an evaluation of the conduct of AAMS. Recently, upon the application of the Company and other concession holders, the Regional administrative court of Lazio revoked AAMS'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 sport and horse bets.

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

On January 12, 2012, AAMS notified 226 requests for payment of minimum guaranteed amounts for the years 2006-2010, plus additional two requests addressed to the former Agenzia Ippica Monteverde S.r.l. The overall amount was of Euro 25,000 thousand, based on the adoption of safeguarding measures contemplated by Article 38, paragraph four, of Law Decree 223/2006, previously not in place; but simply to reflect the impossibility of any calculation other than that repeatedly contested by the regional administrative court in Lazio, with some judgments now definitive. SNAI submitted applications to the regional administrative court seeking suspension and cancellation of the decisions. The hearing on the interim application was set for March 21, 2012.

By a decision, No. 1036/2012, of March 22, 2012, the second section of the regional administrative court in Lazio, also acknowledging the steps taken to resolve the longstanding question of the safeguarding measures, temporarily suspended the effectiveness for the new requests, fixing the hearing on the substantive issues for December 5, 2012.

On June 20, 2012, AAMS notified to SNAI 226 requests- and other two concerning the former Agenzia Ippica Monteverde S.r.l. - for payments of additional sums of minimum guaranteed minimums for 2006-2011 for a total amount of Euro 24.9 million.
The new requests, when compared with the previous set of requests, highlighted: on a negative side the addition of integrations due for 2011 not previously requested by AAMS, and on a positive side, a reduction

of 5 percent of the amount pursuant to article 10.5(b) of Law Decree 16 of March 2, 2012, converted into Law No. 44 of April 26, 2012.
This Article has provided, in respect of to the "amounts for collection pursuant to article 12 of the Presidential Decree No. 169 of April 8, 1998, as amended (the 'minimum guaranteed amounts), the equitable definition, of a reduction not higher than 5 per cent of the sums still payable by the concession holders, pursuant to that Presidential Decree, with identification of the modalities of payment of such sums, and adjustment of the guarantees".
On July 20, 2012, an application was made to the regional administrative court for Lazio for the interim suspension and subsequent cancellation of those requests of payment.
Following the hearing on September 12, 2012, the court's second section 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 AAMS might pursue for a forced collection of the amounts; on the other hand, confirms the suspension of similar requests that AAMS issued on December 30, 2011, already suspended on an interim basis by the same court, in decision 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 AAMS only on August 7, 2012.
At the hearing scheduled for December 5, 2012, together with that already fixed in connection with the previous notices, the court reserved the decision.
Through decision no. 1054, deposited on January 30, 2013, the court's second section upheld SNAI's arguments concerning alleged violation 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 2012for lack of interest in the lawsuit.
For the entire duration of the proceedings before the constitutional courts, the suspension of the proceedings continues to operate, to the benefit of SNAI, preventing AAMS from enforcing the requests.
The Group, supported by the advice of its legal advisors, considers that the risk of a negative outcome in relation to the requests of AAMS is only possible, and consequently did not accrue any provisions for such risk.

Penalties for exceeding the AWP quotas

Following the request advanced by AAMS on June 22, 2012 related to the numbers of the locations of certain AWP machines which were found to have allegedly exceeded the limits set by the rules on quotas in force at the time, determined by the combined presence of various machines belonging to more than one dealer during the months of January-August 2011, on January 31, 2013 SNAI formally requested correction of anomalies detected and thereby, at the same time took steps to cancel the request for payment advanced by AAMS. A sum of Euro 1.47 million has been accrued by the Company in order to cover the entire amount of the potential risk. AAMS has submitted a new application for payment of the entire sum within October 31, and, in view of the enormous entity of controls to be carried out prior to this payment, SNAI, together with the other concession holders, is considering whether to request the extension of the deadline and/or challenge the decision before the Administrative Judge.

Other Disputes

SNAI/Omniludo S.r.l.

- Claim No. 4194/2007. Omniludo S.r.l. sued the Company alleging breach of the obligations under the contract of June 29, 2005, for the operation, maintenance and assistance by Omniludo S.r.l. of slot machines (the "2005 Contract"), requesting the Court:
  to 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 2005 Contract; to condemn SNAI to pay compensation in an aggregate amount of Euro 100 million, or such other amount as may be established in the course of the proceedings.
  The hearing for conclusions was set for December 10, 2010, which was further postponed to June 17, 2011. Specified the conclusions, SNAI filed a request of consolidation of the case with another brought by the same company, pending before the courts of Lucca, Judge Giunti (ref. 4810/2010). The Court reserved the decision.
  Through a decision on February 10, 2012, the court ordered the case to be submitted to the President of the section, for a decision on consolidation, or reassignment to Mr Capozzi, who carried out the proceedings.

Through a decision of March 12, 2012, the President of the court ordered that Case 4194/2007 be called together with Case 4810/2010, at a hearing of 11 December 2013, before Judge Frizilio, with a view to their possible consolidation.

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

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

1) that the court find and declare that Omniludo had breached its duties under that agreement;
2) that the court find and declare the termination of the 2005 Contract, given the material breaches of Omniludo of its contractual and other obligations ;
3) order the defendant to pay compensation estimated at Euro 40 million, save different equitable liquidation and the amount indicated in the defensive papers to be filed pursuant to article 183, sixth para. Italian Code of Civil Proceedings as loss of profit, and damage to reputation and goodwill.

SNAI also submitted an application pursuant to article 163-bis of the Italian Code of Civil Proceedings, with a view to diminish the terms for appearance, upheld by order of the President of the Court of Lucca, dated November 5, 2010, which set a hearing date of January 7, 2011. The case was postponed to February 2, 2011. The judged postponed the case for defenses and evidence to May 18, 2011, pursuant to article 183, sixth para., of the Italian Code of Civil Proceedings. The proceedings were further postponed to November 23, 2011.
At that hearing, the court reserved its decision on the preliminary matters. Through a decision of March 7, 2012, the court deemed this caseready for a final decision, and set the hearing on December 11, 2013.
Through a decision of March 12, 2012, the President of the court ordered that Case 4194/2007 be called together with Case 4810/2010, at the hearing set on December 11, 2013, before Judge Frizilio, with a view to their possible consolidation.
On April 3, 2012, OMNILUDO filed an application for the revocation of the court's ruling of March 12, 2012, and for the hearing date to be brought forward from December 11, 2013.
A decision is still awaited.
Through an order of April 23, 2012, the President of the Court of Lucca ordered the parties to appear at a hearing of June 8, 2012, at which the judge reserved to consider the anticipation of the hearing.
On June 26, 2012, the President of the Court ordered that since there were grounds for the cases' consolidation, both matters should be passed to Judge Frizilio for a hearing date and judgment.
With an order by Ms Frizilio of August 2, 2012, Cases 4194/2007 and 4810/2010 were called to the hearing of December 11, 2013.

Tesi Stefano /SNAI

Under an application pursuant to article 702 of the Italian Code of Civil Proceedings, served to SNAI on October 19, 2011, Mr Stefano Tesi sued SNAI for an amount of Euro 13,476,106.10 (or such other amount as may be deemed fair), plus legal costs, demanding payment of the “extraordinary” win on a SNAI video lottery terminal.

SNAI appeared before the Court, opposing the above claims both in fact and in law, as under mandatory provisions of law a VLT may not pay out winnnings in excess of Euro 500,000, and in turn suing the manufacturer of the VLT in question, as the event was probably due to a defect in the machine. Following application for a postponement made by SNAI, to call the manufacturer (BARCREST Group Limited, of the UK), the Court in Lucca postponed the proceedings to July 3, 2012. At that hearing, at which BARCREST Group appeared, the Court withheld its decision.

The Court ordered the proceedings to be converted into to ordinary proceedings, with a hearing date set on October 9, 2012, pursuant to article 183 of the Code of Civil Procedure. At that hearing the case was further postponed to March 12, 2013, for the admission of preliminary requests. At the hearing on March 12, 2013, certain evidence requested by SNAI has been admitted, while certain evidence requested by Tesi was rejected. The case was postponed to May 28, 2013. SNAI, with the support of the advice from its legal advisors, believes that there is a risk of losing the case, not for the sum claimed by the claimant, but rather up to the maximum amount of a Jackpot winnings i.e. Euro 500,000.

The above opinion is also in consideration of the counterclaim filed by SNAI against the manufacturer Barcrest Ltd as guarantor for any payment that SNAI might be obliged to effect pursuant to Tesi's claim.

Ainvest Private Equity S.r.l./SNAI

Through a claim served on March 14, 2012, Ainvest Private Equity S.r.l. sued SNAI before the Court of Lucca, seeking an order that SNAI pay alleged success fees linked to the Company's securing of certain bank loans, for a sum of approximately Euro 4 million. SNAI appeared before the Court and submitted a defense, arguing that the claimant's case was groundless. After the hearing on February 15, 2013, the court ordered the translation of foreign-language documents filed by Ainvest. The case was assigned to another judge on June 7, 2013 who postponed the hearing until October 11, 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 October 11, 2013 the judge order the appointment of an interpretor, setting the new hearing on May 16, 2014. On the basis of the opinion of the Group's legal advisors, the Directors assessed the risk of losing the case as more than possible.

Contingent assets: the receivable from the Di Majo award

At the end of the 1990's, a dispute arose between various concession holders and the Ministry of Finance and Ministry of Agriculture, in respect of supposed delays and breaches by those Ministries. The matter had a first conclusion in 2003 with the "Di Majo award", under which an arbitral tribunal 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 assigned to SNAI for the period to 30 June 2006 was Euro 2.3 million. The compensation for subsequent years has yet to be determined in its entirety. The Ministries filed an appeal against the decision before the Court of Appeal in Rome. At a hearing of December 14, 2012, the matter was reserved for judgment.
In addition, on June 22, 2010, the trade association Assosnai sent AAMS a proposal for a settlement of the dispute, under which the concession holders' claims against the Ministries would be offset against their liabilities towards AAMS (with an express waiver of the interests accrued on the claims and of any monetary revaluation, and of the enforcement actions in place), and the Ministries would abandon the proceedings before the Court of Appeal in Rome.
AAMS formally raised the question with the Attorney General's office, and informed Assosnai that the Office had confirmed that such a settlement would be admissible. The settlement is still not defined. Nonetheless, a decree issued by AAMS, authorized the offset of the claims from the Di Majo award, and SNAI has accordingly offset an amount of Euro 2,498 thousand.

In the event that the signing of the settlement fails to take place and the Court of Appeal therefore declares the Di Majo award to be null and void, that setoff would have been made with a non-existent claim, determining a new liability for the sum so offset. Accordingly, the liability has continued to be recognized in the financial statements (see Note 29), and revenues of Euro 2.3 million related to the claim have not yet been recorded in the financial statements.

Based on the eligibility of the offsetting above described, some parties, that are no longer concession holders, to be able to offset the Di Majo receivables, sold them to SNAI, which offset the total amount of the purchased receivable for the total amount of Euro 19,066 thousand. The consideration paid for these receivables has been temporarily put into an escrow accounts awaiting for the pronouncement of the Court of Appeal of Rome, or, in any case of the final decision.

Allegations by AAMS regional offices related to the 2006 PREU

This dispute regards 41 notices issued by the regional offices of AAMS, which set out the meter readings for entertainment devices (game machine-AWP), pursuant to article 110, sixth paragraph, of the Italian law "TULPS". The meter readings show differences with respect to the payments made by the concession holder in relation to each individual gaming machine.
The aggregate amount of penalties and PREU tax amounts to Euro 786,876.85 (of which Euro 193,427.76 as penalties, and Euro 593,449.09 as PREU), plus interest.
SNAI has filed an appeal to the Provincial Tax Committee, seeking the suspension of the assessment's enforceability.

With reference to the procedures further thereto:
- in relation to 4 notices, AAMS has issued a decision for their cancellation (and setting aside)
- in relation to 3 procedures, the hearing has not been set yet, while on July 24, 2013 the appeals for 15 procedures have been rejected from the relevant Regional Tax Committee.

- in relation to 18 procedures, the judgment has been issued upholding the appeals filed by SNAI, of which three are referred to the closing of the litigation
- Against the abovementioned 15 judgments, AAMS appealed to the relevant Regional Tax Commission (CTP). SNAI filed responses to the appeals.
- in relation to 1 procedure, a judgment has been issued dismissing SNAI's appeal (SNAI will appeal the judgment since its deadlines are pending).

With the support of the advice of the Company's legal advisors, the Directors have assessed the risk of to lose the case as possible.

Allegations by AAMS' regional offices related to the 2007 PREU

This dispute regards 12 notices issued by the regional offices of AAMS, which set out the meter readings for entertainment devices (game machine-AWP), pursuant to article 110, sixth paragraph, of the Italian law "TULPS". The meter readings show differences with respect to the payments made by the concession holder in relation to each individual gaming machine.
The aggregate amount of penalties and PREU tax amounts to Euro 82,101.58 (Euro 49,683.24 as penalties, and Euro 32,418.34 as PREU), plus interest.

SNAI filed an appeal to the Provincial Tax Committee.

With reference to the procedures further thereto:

- in relation to 1 notice, AAMS issued a decision for its cancellation (and setting aside)
- in relation to 2 procedures, a judgment has been issued upholding the appeals filed by SNAI
- in relation to 8 procedures, the hearing date has not been set yet, and in relation to 1 procedure, on July 4, 2013 the CTP rejected the request of SNAI and a new hearing has to be set.

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

Allegations by AAMS' regional offices related to the 2008 PREU

This dispute regards 8 notices issued by the regional offices of ADM (formerly AAMS), which set out the counter readings of the gaming machine pursuant to article 110, sixth paragraph, of the Italian law "TULPS" (AWP). The counter readings show differences with respect to the payments made by the concession holder in relation to each individual gaming machine.

In particular:
- in relation to 6 notices, for which the amount has not been determined yet, SNAI has deposited its objections before the relevant CTP;
- in relation to 2 notices totally amounting to € 180,003.14 of penalties and € 100,378.14 of PREU tax. SNAI shall appeal against these notices before the relevant CTP for the territory.

Additional penalties for exceeding the AWP quotas by Regional Offices

This relates to no. 45 contestations notified by various regional offices of ADM (formerly AAMS) in which ADM contested the installation of a number of AWP in excess of the limits imposed by the Direttoriale Decree 2011/30011/giochi/UD. The amount involved is based on the possibility of making a reduced payment and it is not yet determinable because SNAI is evaluating each single contestation in order to decide whether to pay the reduced sum or whether to deposit objections.

Quotes of October 2, 2012

Due to an anomaly which occurred on October 2, 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 website www.snai.it.
SNAI promptly informed AAMS of the situation prior to events relating to those bets.

Certain players have filed legal actions to obtain payment of their winnings.
SNAI is preparing its defence, also in consideration of legal precedents favorable to other concession holders that have published quotes with recognisable errors, and the company will appear in the judgments.

In three cases, however the players have brought a complaint before the Commission for the transparency of the games at AAMS requesting payment of their winnings. With the Sentences No. 4/2013, 5/2013 and

no. 6/2013 published on April 29,2013 the Commission has upheld the complaint; payment has been sought from ADM (formerly AAMS).
Considering the nature and the characteristics of the AAMS notices, SNAI decides to not appeal them, but to brouth a complaint before the Judicial Authority to obtain the negative official recognition of the payment obligation to the players.

29. Other current and non-current liabilities

These are comprised of the following:

thousands of Euro	As of September 30, 2013	As of December 31, 2012	Change
Other non-current liabilities			
Tax liabilities			
- instalments related to PVC	776	1,429	(653)
- instalments related to single tax	632	0	632
	1,408	**1,429**	**(21)**
Other liabilities			
- due to PREU for previous years	2,781	509	2,272
- for security deposit liabilities	0	13	(13)
	2,781	**522**	**2,259**
Other non-current liabilities	**4,189**	**1,951**	**2,238**

Other current liabilities are comprised of the following:

As of September 30, 2013	As of September 30, 2013	As of December 31, 2012	Change
Other current liabilities			
Tax liabilities			
- Income tax	1,724	1,038	686
- VAT	1,070	716	354
- Single tax	15,360	5,222	10,138
- instalments related to single tax	2,180	0	2,180
- instalments related to PVC	1,345	3,119	(1,774)
- other tax liabilities	762	1,777	(1,015)
	22,441	**11,872**	**10,569**
Due to social security institutions			
- Social security institutions	2,107	2,156	(49)
	2,107	**2,156**	**(49)**
Other liabilities			
- due to AAMS for PREU balance due	8,773	16,252	(7,479)
- due to AAMS for gaming machines security deposits	1,016	2,705	(1,689)
- due PREU for previous years	1,153	499	654
- due to winners and VLT jackpot reserve	9,388	7,401	1,987
- due to AAMS as concession fees	608	1,622	(1,014)
- due to players for betting acceptance (antepost)	1,786	2,484	(698)
- due to players for winnings and refunds on Bets/national horse race game/sports and horse pool betting	2,323	2,281	42
- due to ex ASSI for fifteen-days balances	925	1,511	(586)
- due to AAMS for unpaid tickets	119	339	(220)
- due to AAMS for pool betting and national horse races	3,303	4,649	(1,346)
- SNAI gaming cards	5,520	5,428	92
- due to online gaming players (Skill/Casino/Bingo)	132	182	(50)
- for the operation of online games (Skill/Casino/Bingo)	99	0	99

- for the transfer of Di Majo Award receivable	0	10,837	(10,837)
- for the offset of Di Majo Award	18,564	8,795	9,769
- for non-competition agreement	250	503	(253)
- due to employees and collaborators	2,996	2,871	125
- due to directors	705	617	88
- due to statutory auditors	156	189	(33)
- for security deposits	2,468	2,395	73
- others	1,650	1,174	476
	61,934	**72,734**	**(10,800)**
Accrued expenses and deferred revenues			
- accrued expenses	1,603	113	1,490
- deferred revenues	1,647	1,026	621
	3,250	**1,139**	**2,111**
Total other current liabilities	**89,732**	**87,901**	**1,831**

Liabilities for installments related to PVC, for a total amount of Euro 2,121 thousand, relate to the settlements of the assessments consequent to the notice of assessment served on November 2011 and July 2013; Euro 776 thousand is due after 12 months and Euro 1,345 thousand is due within 12 months. This amount comprises the tax, penalties and interest as established in the statements completing those assessments dated February 21, 2012 (for the year 2009), of July 5, 2012 (for the year 2010) and July 26, 2013 (for the year 2011) which also established that these be paid in 12 quarterly instalments.

The increase in the single tax is due principally to the maturity of the due date for payment of the single tax on bet collection, introduced by the “mille proroghe” Decree. The terms of payment of the single tax on horserace and other events betting have been set at December 20, of the same year and January 31 of the following year for the for the single tax due respectively for the the period from September to November and for the month of December, and at August 31and November 30 for the single tax due respectively for the periods from January to April and from May to August of the same year.
The liability for single tax instalments due, for a total of Euro 2,812 thousand, of which Euro 632 thousand due after 12 months and Euro 2,180 thousand due within 12 months, is comprised of the residual balance payable for sanctions and interest for the late payment of the single tax related to the years 2009 - 2010.

The increase in PREU for previous years liability i for a total of Euro 2,926 thousand, relates to interest and penalties for the late payment of the PREU for the year 2010. The sum due amounted to Euro 3,412 thousand and has been accrued to the provision for risks and charges.

The item “transfer of Di Majo Award receivable” relates to the purchase of certain receivables from operators and concession holders , as described in greater detail in Note 20.

The liability “due to AAMS for PREU balance due”, for Euro 8,773 thousand is calculated on the turnover of gaming machines .

Deferred revenues of Euro 1,647 thousand, mainly related, for Euro 882 thousand, to the part of grants from Ex ASSI recognized as grants related to investments.

30. Trade payables

These comprise the following:

thousands of Euro	As of September 30, 2013	As of December 31, 2012	Change
Trade payables			
- To suppliers	28,693	31,562	(2,869)
- To stables, jockeys, bookmakers	6,458	8,437	(1,979)
- To foreign suppliers	3,405	5,144	(1,739)
- To advances paid to suppliers	(951)	(771)	(180)
- To credit notes to be received	(284)	(391)	107
- To the associate Connext S.r.l.	184	212	(28)
- To the associate Alfea S.p.A.	0	3	(3)
- To Tivu + S.p.A. in liquidation	43	43	0
Total trade payables	**37,548**	**44,239**	**(6,691)**

31. Overdue payables

As required by the CONSOB Communication No. 10084105 of October 13, 2010, the following table shows the Group's payables, grouped by type, with specific disclosure of the amounts overdue.

(figures in thousands of Euro)

Current liabilities	Balance as of September 30, 2013	of which overdue as of September 30, 2013
Financial liabilities	53,094	-
Trade payables	37,548	7,993
Tax payables	22,441	
Liability with social security entities	2,107	-
Other liabilities	61,934	-
	177,124	**7,993**

Trade payables: the amounts overdue as of September 30, 2013, for Euro 7,993 thousand, regard current dealings with suppliers of goods and services; the majority of these amounts were paid after September 30, 2013. In certain cases payment was rescheduled. At present there are no indications of legal actions on the part of any supplier.

32. Guarantees

In addition to the liabilities shown in the financial statements, the Group has also contracted financial commitments related to the granting of guarantees for a total value of Euro 183,668 thousand at September 30, 2013 (Euro 186,440 thousand at December 31, 2012).

The following changes took place in the Group's financial commitments with respect to December 31, 2012:

Bank	Beneficiary	Description of the guarantee	Increases/ Decreases as of September 30, 2013 (thousands of Euro)
UNICREDIT	AAMS	Guarantee securing the proper performance of activities and functions assigned, the timely and exact payment of taxes, concession fees and any other sums specified by the public gaming legislation , as well as the absolving of all obligations towards players	15,120
BINTER	AAMS	Guarantee securing the proper performance of activities and functions assigned, the timely and exact payment of taxes, concession fees and any other sums specified by the public gaming legislation , as well as the absolving of all obligations towards players	2,380
CREDART	AAMS	Guarantee securing the proper performance of activities and functions assigned, the timely and exact payment of taxes, concession fees and any other sums specified by the public gaming legislation , as well as the absolving of all obligations towards players	1,960
UNICREDIT	UNIRE (ex ASSI)	For agencies 223 and 465	(283)
UNICREDIT	UNIRE (ex ASSI)	For agency 257	(317)
UNICREDIT	AAMS	Aams online games	(392)
UNICREDIT	AAMS	As a guarantee securing the opening of horse racing gaming stores and points and the activation of remote horse race gaming in connection with the horse racing concessions granted under the 2006 tender procedure	(705)
BINTER	Ex ASSI	Temporary security deposit in the interest of Teleippica for the tender procedure for the contract for broadcasting, processing and dissemination of the audio/video signal from Italian and foreign racetracks	(1,200)

BINTER	AAMS	Application for the award of 2,000 rights for the operation and collection, through a physical network, of public sports and horse race games	(1,200)
UNICREDIT	AAMS	As guarantee for the concession for acceptance of bets on horseracing	(1,231)
UNICREDIT	TAX AUTHORITY FOR PVC	To secure debt following assessment with settlement pursuant to Legislative Decree No. 218/1997, PVC delivered on 01/12/2009. The amount of € 7,627,931.81 must be paid in 12 quarterly installments	(1,284)
BPM	AAMS	Horseracing concessions	(1,704)
MPS	AAMS	Horseracing concessions	(2,131)
MPS	AAMS	Application for the award of 2,000 rights for the operation and collection, through a physical network, of public sports and horse race games	(2,500)
UNICREDIT	AAMS	Application for the award of 2,000 rights for the operation and collection, through a physical network, of public sports and horse race games	(2,900)
UNICREDIT	AAMS	Application for participation in the slot tender procedure	(6,000)
Others (increases of less than Euro 200 thousand)			70
Others (decreases of less than Euro 200 thousand)			(455)
Total increases (decreases)			**(2,772)**

33. Related parties

The CONSOB Communication No. 6064293 issued on July 28, 2006 requires that, in addition to the disclosures regarding related party transactions required by International accounting standards (IAS 24), information must be provided showing the impact of transactions or balances with related parties, as classified by IAS 24, on the statement of financial position and statement of income.

The table below shows the percentage incidence of related party balances and transactions on the total balances shown in the financial statements. Any considerations regarding the impact of related party transactions on the statement of income and cash flows of the Company and/or the Group should take into account the fact that the main transactions with related parties are carried at arm's length, at terms and conditions identical to those applied in dealings with third parties.

The Group provides services to concession holders of bet acceptance points. Certain concession holders and managers of sales points (horseracing and sports betting shops) were linked to members of the Board of Directors of SNAI SpA who resigned on May 14, 2012. These transactions, regulated by standardised contracts, were carried out on an arms length basis at normal market conditions.

Certain SNAI Group companies have accounts with Banca Popolare di Milano, Intesa San Paolo, Banca Popolare di Vicenza and Banco Popolare Società Cooperativa, which may be considered related parties in that they are companies related to the shareholders of SNAI S.p.A..

These transactions were carried out in the best interests of the Company, they fall within the Company's normal range of activities and are carried out on an arms length basis at normal market conditions.

The table below gives a summary of the balances due to/from related parties of the SNAI Group:

thousands of Euro	As of September 30, 2013	% incidence	As of December 31, 2012	% incidence
Trade receivables:				
- from companies related to the directors of Snai S.p.A.	-	0.00%	92	0.10%
- from Global Games S.p.A.	-	0.00%	6	0.01%
- from companies related to the shareholders of Snai S.p.A.	-	0.00%	30	0.03%
	-	**0.00%**	**128**	**0.14%**
Other current assets:				
- from companies related to the directors of Snai S.p.A.	3	0.01%	3	0.01%
	3	**0.01%**	**3**	**0.01%**
Total assets	**3**	**0.00%**	**131**	**0.02%**

Trade payables:				
- to companies related to the directors of Snai S.p.A.	185	0.49%	-	0.00%
- to Tivu + S.p.A. in liquidation	43	0.11%	43	0.10%
- to Connext S.r.l.	184	0.49%	212	0.48%
- to Alfea S.p.A.	-	0.00%	3	0.01%
- to companies owned by Snai S.p.A. shareholders	9	0.02%	-	0.00%
	421	**1.11%**	**258**	**0.59%**
Other current liabilities:				
- due to companies related to the directors of Snai S.p.A.	1	0.00%	1	0.00%
- due to the directors of Teleippica S.r.l.	3	0.00%	-	0.00%
- due to Global Games S.p.A.	1	0.00%	5	0.01%
	5	**0.00%**	**6**	**0.01%**
Total liabilities	**426**	**0.07%**	**264**	**0.04%**

The above receivables are shown net of related provisions.

The table below shows the values of transactions with related parties :

For the nine months ended September 30,2013

thousands of Euro	**For the nine months ended September 30, 2013**	**% incidence**	**For the nine months ended September 30, 2013**	**% incidence**
Revenues from services:				
- from companies related to directors of Snai S.p.A.	39	0.01%	265	0.07%
- from companies related to the shareholders of Snai S.p.A.	-	0.00%	18	0.00%
	39	**0.01%**	**283**	**0.07%**
Other revenues:				
- from Global Games S.p.A.	4	0.49%	4	0.30%
- from companies related to the shareholders of Snai S.p.A.	-	0.00%	94	7.03%
	4	**0.49%**	**98**	**7.33%**
Interest Income:				
- from companies related to the directors of Snai S.p.A.	-	0.00%	17	2.34%
	-	**0.00%**	**17**	**2.34%**
Total revenues	**43**	**0.01%**	**398**	**0.11%**
Costs for raw materials and consumables:				
- from Connext S.r.l.	5	0.41%	-	0.00%
	5	**0.41%**	**-**	**0.00%**
Costs for services:				
- from companies related to the directors of Snai S.p.A.	251	0.11%	8,597	3.02%
- from companies related to the shareholders of Snai S.p.A.	15	0.01%	1,016	0.36%
- from the directors of Teleippica S.r.l.	36	0.02%		0.00%
- from Alfea S.p.A.	-	0.00%	13	0.00%
- from Connext S.r.l.	469	0.20%	536	0.19%
	771	**0.34%**	**10,162**	**3.57%**
Other operating costs:				
- from companies related to the directors of Snai S.p.A.	9	0.03%	28	0.14%
- from Connext S.r.l.	3	0.01%	-	0.00%
- from Tivu + S.p.A. in liquidation	-	0.00%	21	0.10%
- from Teseo S.r.l. in liquidation	-	0.00%	14	0.07%
	12	**0.04%**	**63**	**0.31%**
Total costs	**788**	**0.33%**	**10,225**	**3.35%**

III quarter 2013

thousands of Euro	III° quarter 2013	% incidence	III° quarter 2012	% incidence
Revenues from sales and services:				
- from companies related to the directors of Snai S.p.A.	9	0.01%	67	0.07%
- from companies related to the shareholders of Snai S.p.A.	-	0.00%	6	0.01%
	9	**0.01%**	**73**	**0.07%**
Other income and revenues				
- from Global Games S.p.A.	1	0.67%	1	0.18%
- from companies related to the shareholders of Snai S.p.A.	-	0.00%	40	7.16%
	1	**0.67%**	**41**	**7.33%**
Total revenues	**10**	**0.01%**	**114**	**0.11%**
Costs for raw materials and consumables:				
- from Connext S.r.l.	2	0.56%	-	0.00%
	2	**0.56%**	**-**	**0.00%**
Costs for services :				
- from companies related to the directors of Snai S.p.A.	67	0.10%	225	0.25%
- from companies related to the shareholders of Snai S.p.A.	13	0.02%	498	0.56%
- from the directors of Teleippica S.r.l.	22	0.03%	-	0.00%
- from Alfea S.p.A.		0.00%	13	0.01%
- from Connext S.r.l.	153	0.22%	171	0.19%
	255	**0.37%**	**907**	**1.03%**
Other operating costs:				
- from companies related to the directors of Snai S.p.A.	3	0.04%	28	0.51%
- from Tivu + S.p.A. in liquidation	-	0.00%	21	0.38%
- da Teseo S.r.l. in liquidation	-	0.00%	14	0.26%
	3	**0.04%**	**63**	**1.15%**
Total costs	**258**	**0.34%**	**970**	**1.03%**

Revenues from sales and services and other revenues represented 0.07% of the operating income before amortization, depreciation, write-downs interest and taxes, for the nine months ended September 30, 2013 (1.07% for the nine months ended September 30, 2012) while the total revenues represented 0.30% of net profit/(loss) for the nine months ended September 30, 2013 (1.50% for the nine months ended September 30, 2012).
The costs of raw materials and consumables, the costs of services and other operating costs represented 1.33% of the operating income before amortization, depreciation, write-downs, interest and taxes,for the nine months ended September 30, 2013 (28.45% for the nine months ended September 30, 2012), while total costs represented 5.36% of net profit/(loss) for the nine months ended September 30, 2013 (38.54% for the nine months ended September 30, 2012).

The table below shows transactions/balances with related parties of the parent SNAI S.p.A. as of September 30, 2013, as required by Consob Communication no. 10084105 issued on October 13, 2010.

thousands of Euro	As of September 30, 2013	As of December 31, 2012
Trade receivables:		
- from Global Games S.p.A.	-	6
- from Società Trenno S.r.l.	581	359
- from Festa S.r.l.	13	17
- from Immobiliare Valcarenga S.r.l.	3	4
- from Teleippica S.r.l.	86	59
- from companies related to the shareholders of Snai S.p.A.	-	31
Total Trade receivables	**683**	**476**

Other current assets:		
- from companies related to the directors of Snai S.p.A.	3	-
- from Società Trenno S.r.l.	-	6
- from Festa S.r.l.	743	709
- from Immobiliare Valcarenga S.r.l.	79	62
- from Teleippica S.r.l.	1,340	857
- from companies related to the shareholders of Snai S.p.A.	-	2
Total other current assets	**2,165**	**1,636**
Financial receivables:		
- from Società Trenno S.r.l.	3,971	2,821
- from Teleippica S.r.l.	1,989	1,113
- from SNAI France SAS in liquidation	10	7
Total financial receivables	**5,970**	**3,941**
Total assets	**8,818**	**6,053**
Trade payables:		
- to companies related to the directors of Snai S.p.A.	185	-
- to Società Trenno S.r.l.	74	15
- to Festa S.r.l.	553	516
- to Teleippica S.r.l.	256	254
- to Connext S.r.l.	176	212
- to Tivu + S.p.A. in liquidation	43	43
- to Alfea S.p.A.	-	3
Total Trade payables	**1,287**	**1,043**
Other current liabilities		
- to companies related to the directors of Snai S.p.A.	1	1
- to Global Games S.p.A.	1	6
- to Società Trenno S.r.l.	4,307	2,593
- to Festa S.r.l.	192	194
- to Immobiliare Valcarenga S.r.l.	-	1
- to Teleippica S.r.l.	5	5
Total Other current liabilities	**4,506**	**2,800**
Current financial liabilities:		
- to Festa S.r.l.	2,375	2,057
- to Immobiliare Valcarenga S.r.l.	244	221
Total current financial liabilities	**2,619**	**2,278**
Total liabilities	**8,412**	**6,121**

The assets/receivables are stated net of the related provisions.

thousands of Euro	**For the nine months ended September 30, 2013**	**For the nine months ended September 30, 2012**
Revenues from sales and services:		
- from companies related to the directors of Snai S.p.A.	1	198
- from Società Trenno S.r.l.	1,819	2,022
- from companies related to the shareholders of Snai S.p.A.	-	18
Total revenues from sales and services	**1,820**	**2,238**
Other revenues		
- from Global Games S.p.A.	4	4
- from Società Trenno S.r.l.	811	2,185

- from Festa S.r.l.	85	94
- from Mac Horse S.r.l.	-	24
- from Immobiliare Valcarenga S.r.l.	9	8
- from SNAI Olé S.A.	-	1
- from SNAI France SAS in liquidation	-	1
- from Faste S.r.l. in liquidation	-	1
- from Teleippica S.r.l.	345	385
- from companies related to the shareholders of Snai S.p.A.	-	94
Total other revenues	**1,254**	**2,797**
Interest income:		
- from companies related to the directors of Snai S.p.A.	-	17
- from Società Trenno S.r.l.	207	166
- from Festa S.r.l.	-	1
- from Faste S.r.l. in liquidation	-	8
- from Teleippica S.r.l.	113	2
Total Interest income	**320**	**194**
Total revenues	**3,394**	**5,229**
Costs of services:		
- to companies related to the directors of Snai S.p.A.	243	8,572
- to Società Trenno S.r.l.	300	207
- to Festa S.r.l.	4,014	3,695
- to Mac Horse S.r.l.	-	230
- to Teleippica S.r.l.	1,710	1,685
- to Connext S.r.l.	469	536
- to Alfea S.p.A.	-	13
- to companies related to the shareholders of Snai S.p.A.	3	1,016
Total Costs of services	**6,739**	**15,954**
Costs of personnel on loan and sundry other personnel costs		
- to Società Trenno S.r.l.	43	103
- to Festa S.r.l.	86	-
- to Teleippica S.r.l.	24	1
Total costs of personnel	**153**	**104**
Other operating costs		
- to companies related to the directors of Snai S.p.A.	9	28
- to Connext S.r.l.	3	-
- to Società Trenno S.r.l.	4	11
- to Tivu + S.p.A. in liquidation	-	21
- to Teseo S.r.l. in liquidation	-	14
Total other operating costs	**16**	**74**
Interest charges and commission		
to Festa S.r.l.	89	90
to Mac Horse S.r.l.	-	12
to Immobiliare Valcarenga S.r.l.	9	7
to Teleippica S.r.l.	-	59
Total interest charges and commission	**98**	**168**
Total costs	**7,006**	**16,300**

34. Financial risk management

The Group's financial liabilities consist principally of structured medium- and long-term loans and financial leases.
These liabilities were assumed in connection with transactions for significant strategic development that were planned and concluded between 2006 and 2011 for the acquisition of business divisions, concessions, and new rights, in order to consolidate and bolster The Group's presence in the market.
In addition to the share capital increase by SNAI S.p.A., which was completed in January 2007 and secured financial resources of Euro 249,961 thousand, in March 2011 the Company entered into a new credit facility agreement, for an initial nominal aggregate amount of Euro 490,000 thousand, with a view to appropriately structuring its growth opportunities, supporting the investments necessary for its growth plan, and allowing sufficient elasticity and autonomy in terms of its liquidity.
The Acquisition facility credit line of Euro 60 million was cancelled in November 2012, since it had not been utilsed within the established deadline and therefore the total amount of the available facility is now Euro 433,248 thousand. In addition a further drawdown of Euro 3.2 million was made to this credit facility, which is currently comprised of five different credit lines, has, as of September 30, 2013 been partially utilised for a total of Euro 396,498 thousand.
The Group's policy is to reduce as far as possible the use of interest-bearing credit to fund its ordinary operations, reduce the collection periods for its trade receivables, to programme the timing and means of deferment of trade creditors, and to plan and diversify the payment terms for its investments.

Derivative instruments

The SNAI Group uses derivative instruments to hedge current or anticipated exposure to interest rate risk, in accordance with Group policy on interest rate risk management.
The aim of the Group is to limit the variability of cash flows, without precluding its ability to benefit from any interest rate cuts, and thus it seeks to identify an optimal balance between its use of fixed and floating interest rates.
In accordance with IAS 39, derivative instruments are measured at fair value and are recorded using the hedge accounting method where the related requisites are met.

Fair value
Fair value is defined as the price receivable for the sale an asset or payable to transfer a liability in a normal transaction between market participants at the valuation date.

Fair value Hierarchy
The assets and liabilities stated at fair value valuing the consolidated financial statements are measured and classified in accordance with the fair value hierarchy established by IFRS13, which consists of three levels attributed on the basis of the type of input utilised in the determination of fair value:

- Level 1: prices quoted (and unadjusted) in active markets for identical financial assets or liabilities;
- Level 2: inputs other than the quoted prices mentioned above, observable either directly or indirectly (e.g. quoted prices for identical or similar assets or liabilities, other non-quoted prices or information based on observable market data.
- Level 3: inputs not based on observable market data.

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

The table below shows the classification of financial instruments measured at fair value on the basis of the fair value hierarchy as defined by IFRS13.

	L1	L2	L3
Derivatives at fair value:	-	5,586	-

The application of IFRS 13 (introduction of the valuation of the counterparty risk) has resulted in a decrease in fair value as of September 30, 2013 of approximately Euro 216 thousand, with no change in the Company's fair value hierarchy with respect to December 31, 2012.

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

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

Fair value hedge – if a derivative instrument is designated as a hedge against the exposure to changes in fair value of an asset or liability attributable to a particular risk that could affect profit and loss, then:

- changes in the fair value of the hedging instrument are recognized in profit and loss;
- changes in the fair value of the hedged item, attributable to the hedged risk, are recorded a san adjustment to the carrying amount of the hedged item and are recognized in profit and loss;

Cash flow hedge – if a derivative instrument is designated as a hedge against exposure to variability in the cash flows of an asset or liability on the statement of financial position, the following effects are recognized

- the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity, and that amount is equivalent to the lesser (in absolute terms) of the cumulative gain or loss on the fair value of the hedging instrument from inception of the hedge; and the cumulated change in the net present value of the expected cash flows on the hedged instrument, from the starting date of the hedge;
- the ineffective portion is determined as the difference between the gain or loss on the hedging instrument and the effective component recognized in equity, and is recorded in the statement of income;
- the amounts recognized in equity as the effective hedging component are transferred to the statement of incomet when the hedged item is also recognized in the statement of income.

In the event that the requisites for the application of hedge accounting are not satisfied, the effects derived from the fair value measurement of the derivative are recorded directly in the statement of income.

The Group currently has derivative instruments for hedging against interest rate risk, which are recorded using the hedge accounting method (cash flow hedges).

In order to verify the effectiveness of the hedges it has put in place, the Group carries out retrospective and prospective testing on a quarterly basis.

Prospective testing provides that at inception and over the entire duration of the hedge, every hedge must be shown to be highly effective, where effective means that the changes in the fair value or cash flows of the hedged item must offset "almost entirely" the changes in fair value or in cash flows of the hedged instrument.

Retrospective testing provides that the hedge is shown to be highly effective when its results come within a range of between 80% and 125%.

In order to periodically verify the effectiveness of its hedges, the Group uses the Dollar Offset Method or Ratio Analysis method. As at March 31, 2013, the effectiveness control carried out using the Dollar Offset Method showed the hedges put in place the Group to be effective.

Derivative instruments in existence as of September 30, 2013
At September 30, 2013 the Group had two derivative financial instruments (Interest rate swap)entered into to cover the interest rate risk related to the loan received from Unicredit S.p.A., Banca IMI S.p.A. and Deutsche Bank S.p.A. The Group opted to account for those derivatives as cash flow hedges using the hedge accounting method, in accordance with IAS 39.
In particular, the two interest rate swap (IRS) contracts, subscribed respectively with Banca IMI S.p.A. and Unicredit S.p.A, were created as hedges on Facility A, Facility B and the Capex Facility as follows:
- the interest rate swap contract subscribed with Banca IMI S.p.A. serves entirely to hedge Tranche A;
- the derivate subscribed with Unicredit S.p.A. serves to cover the risk on a portion equivalent to approximately 67.5% of Tranche B, 5.45% of Tranche A and 27.05% of the Capex Facility.

As of September 30, 2013 the fair value of the derivatives were negative and amounts to approximately Euro 1,790 thousand for the IRS stipulated with Banca IMI S.p.A. and to approximately Euro 3,579 thousand for the IRS stipulated with Unicredit S.p.A.
The table below shows a summary of the movements in the reserve for cash flow hedges as of September 30, 2013.

Movements in reserve for cash flow hedges (in thousands of Euro).

Reserve for cash flow hedges - interest rate risk	As of September 30, 2013
Opening reserve	**(6,820)**
Positive (+) / negative (-) changes in reserve by showing a positive/negative effect	413
Positive (+) /negative (-) changes by transfer of negative/positive effect to the statement of income	2,520
Final reserve	**(3,887)**

Liquidity risk
The liquidity risk is defined as the risk that the Group may be unable to settle its debt commitments due to the inability to obtain new funds (funding liquidity risk), to sell assets in the market (asset liquidity risk), or that it may be 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 operation entered into in March 2011 with Unicredit S.p.A., Banca IMI S.p.A. and Deutsche Bank S.p.A.

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 Group's exposure to such risk as of September 30, 2013, mainly relates to the loan obtained in March 2011, comprised of various credit facilities, all of which at variable interest rates. The Group has entered into hedging contracts against the interest rate risk for certain of these credit facilities. In August 2011 the Group, in accordance with Group Policy regarding interest rate risk management, stipulated two IRS (Interest Rate Swap) contracts with two leading credit institutions in order to cover part of the exposure to interest rate risk inherent in the loan.
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
To reduce and monitor credit risk, the Group has adopted organizational 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 supplemented with such information as is available within the Group, resulting in a reliability assessment. This assessment is subject to review periodically, 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 usually known to the Group, given the many years of experience and presence in all of the market segments in which it operates, characterised by a limited number of licensed operators.
A number of debtor relationships are initially secured with guarantees or deposits, granted in favour of the Group on the basis of reliability assessments.
The relationships established are monitored on a regular, on-going basis by a specific department, which liases with the various other departments involved.
Receivables are regularly subjected to in-depth assessments. In particular, receivables are shown net of the relevant provisions for doubtful debts. Accruals to the provision for doubtful debts 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 abovementioned receivables, the maximum exposure to credit risk, without taking intoi 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 to guarantee 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.

Subject to the contractual limits contained in its loan agreements, the Group may distribute dividends to its shareholders and issue new shares.

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

thousands of Euro	As of September 30, 2013	As of December 31, 2012
Interest-bearing loans	396,574	380,476
Non Interest-bearing loans	42	155
Financial Liabilities	396,616	380,631
Trade payables and other liabilities	131,469	134,091
Current financial assets	(19,271)	(10,249)
Cash and cash equivalents	(22,800)	(11,010)
Net Indebtedness	**486,014**	**493,463**
Shareholders' equity	152,690	164,229
Total shareholders' equity	**152,690**	**164,229**
Shareholders' equity and net indebtedness	**638,704**	**657,692**
Ratio net indebtedness/(shareholders' equity and net indebtedness)	76.1%	75.0%

35. Significant non-recurring events and transactions

For the nine months ended September 30,2013 non-recurring costs and revenues, as defined by Consob Resolution No. 15519 of July 27, 2006, as being those "components of income (positive and/or negative) deriving from non-recurring events or operations (ie. those operations or events that are not frequently repeated in the ordinary course of business"), amounted to Euro 3,088 thousand and were related to administrative penalties for late payment of the Single Tax 2009 – 2010 for Euro 2,710 thousand and of PREU 2004 - 2005 – 2006 for Euro 378 thousand.

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

No atypical and/or unusual operations took place during the nine months ended September 30, 2013.

37. Group structure

Ownership of the Group

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

Significant investments in subsidiary companies

	Percentage owned		
	As of September 30, 2013	**As of December 31, 2012**	**As of September 30, 2012**
IMMOBILIARE VALCARENGA S.r.l. held by sole quotaholder	100	100	100
FESTA S.r.l. held by sole quotaholder	100	100	100
Società Trenno S.r.l. held by sole quotaholder	100	100	100
SNAI Olè S.A.	100	100	100

SNAI France S.A. in liquidation	100	100	100
Teleippica S.r.l.	100	100	100

The full composition of the Group and the consolidation methods adopted are disclosed in Appendix 1.

38. Net financial position

In accordance with the requirements of the CONSOB Communication of July 28, 2006, and with the Recommendation issued by CESR on February 10, 2005, "CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses", the Group's net financial position is disclosed in the table below:

thousands of Euro	As of September 30, 2013	As of December 31, 2012
A. Cash on hand	218	204
B. Other cash equivalents	22,582	10,806
Current bank accounts	*22,556*	*10,789*
postal deposit	*26*	*17*
C. Fianncial assets held for trading	1	1
D. Cash and cash equivalents (A) + (B) + (C)	**22,801**	**11,011**
E. Current financial assets	**6**	**7**
- Segregated bank accounts	6	7
F. Current bank loans	18,229	10,038
G. Current portion of non-current indebdtedness	30,409	16,100
H. Other current financial liabilities	4,456	10,057
- for the purchase of horse race and sports concessions	42	155
- due to other lenders	4,414	9,902
I. Current financial indebtedness (F) + (G) + (H)	**53,094**	**36,195**
J. Current net financial indebtedness (I) - (E) -(D)	**30,287**	**25,177**
K. Non-current bank indebdtedness	335,516	328,866
L. Bonds issued	0	0
M. Other non-current liabilities	8,006	15,570
- due to other lenders	2,635	6,164
- Interest rate Swap	5,371	9,406
N. Non-current financial indebtedness (K) +(L) + (M)	**343,522**	**344,436**
O. Net financial indebtedness (J) + (N)	**373,809**	**369,613**

The net financial position does not include the escrow accounts and other restricted deposits on current accounts for Euro 19,264 thousand, classified as "Current financial assets" in the Statement of financial position (see Note 21).

Net indebtedness has risen by Euro 4,196 thousand with respect to December 31, 2012. as the combined result of the negative effects of the payment of n.278 Horseracing- Sports betting acceptance rights (for Euro 15,039 thousand) and other investments and to the positive effects of the deferment, through payment in instalments, of single tax and of the cash flows generated by operations.

As required by Consob protocol notice no. 10084105 issued on October 13, 2010, the table below shows the net financial position of the parent company **SNAI S.p.A.**.

thousands of Euro	As of September 30, 2013	As of December 31, 2012
A. Cash on hand	114	99
B. Other cash equivalents	21,800	9,490
- *Current bank accounts*	21,774	9,474
- *postal deposit*	26	16
C. Financial assets held for trading	1	1

D.	**Cash and cash equivalents (A)+(B)+(C)**	**21,915**	**9,590**
E.	Current financial assets	5,976	3,948
	- current accounts with subsidiaries	5,970	3,941
	- Escrow Account	6	7
F.	Current bank borrowings	18,229	10,038
G.	Current portion of non-current debt	30,409	16,100
H.	Other current financial liabilities:	7,066	12,322
	- Financial liabilities to subsidiaries	2,619	2,278
	- for the purchase of horse race and sports concessions	42	155
	- due to other lenders	4,405	9,889
I.	**Current financial indebtedness (F)+(G)+(H)**	**55,704**	**38,460**
J.	**Current net financial indebtedness (I)-(E)-(D)**	**27,813**	**24,922**
K.	Non-current bank borrowings	335,516	328,866
L.	Bonds issued	0	0
M.	Other non-current liabilities:	8,003	15,559
	- due to other lenders	2,632	6.153
	- interest rate swap	5,371	9.406
N.	**Non-current financial indebtedness (K)+(L)+(M)**	**343,519**	**344,425**
O.	**Net financial indebtedness (J)+(N)**	**371,332**	**369,347**

The net financial position does not include the escrow current accounts and other restricted deposits for Euro 19,264 thousand.

38.1 Covenants

The loan contracts in existence contain a series of contractual obligations for the Group.
In fact, SNAI S.p.A. has undertaken to comply with certain financial parameters following the agreements reached with Unicredit S.p.A., Banca IMI S.p.A. and Deutsche Bank S.p.A. related to the medium/long term financing agreement for an initial total nominal value of Euro 490 million, subsequently reduced to Euro 433 million following the cancellation of the Acquisition facility credit line of Euro 60 million in November 2012, which was not utilised within the period agreed . In addition, a further drawdown of Euro 3.2 million has been made on the Disposal facility (see Note 27 for further details).
In particular, these financial parameters refer to the maintenance of certain ratios regarding the cash flows and financial debt, "consolidated Ebitda" and investments. "Ebitda" is defined in the loan contract and indicates the consolidated result before interest, taxation, amortisation, depreciation, write downs and provisions and all extraordinary and non-recurring items.

The calculations made showed that as of September 30, 2013 the Group was compliant with the abovementioned covenants.

Furthermore since October 2011, SNAI S.p.A. is obliged to provide its lenders with periodic information regarding its cash flows and income, and key performance indicators, regarding the Group, including EBITDA and net borrowings.
Failure to comply with the financial covenants and other obligations would result in default for SNAI S.p.A..

39. Subsequent events

39.1 Binding offer to the operator SIS S.r.l.

On October 10, 2013 SNAI S.p.A. submitted thebinding offer to purchase, the company SIS - Società Italiana Scommesse S.r.l. (that accepted the offer on that same date) subject to the ocuurence of certain defined conditions. This offer mainly include the followings:

- the preliminary purchase agreement ,with certain suspensive conditions and a price of Euro 7 million to be paid by offsetting the preductable and unsecured receivable due from SNAI (hereinafter referred to as the "Preliminary Contract");
- the non-competition agreement with the SIS individual shareholders.

The principal suspensive conditions contained in the binding offer are the followings:

(a) SIS has to enter within October 10, 2013, (and simultaneously transmit integrally to SNAI of all the related documentation), in the voluntary insolvency proceedings (*Concordato Preventivo procedure*) before the Court of Rome, depositing the documentation required by art. 161 of the Italian Bankruptcy Law, inclusive of a concordatary plan prepared on the basis of the binding offer of the attached Preliminary Contract;
(b) proof of the effective admission of SIS, within October 30, 2013, to the Concordato Preventivo procedure;
(c) proof of the authorisation received by the competent bodies, within thirty calendar days from the date of the admission of SIS to the Concordato Preventivo procedure, for the acceptance by SIS of the binding offer and for the underwriting by SIS, of the Preliminary Contract, in accordance with art. 167 of the Italian Bankruptcy Law (underwriting to be carried out within December 10, 2013 – "the Underwriting date" – before a Public Notary who shall be indicated in writing by SNAI).

On October 30, 2013 an additional document which clarified and provided greater detail of certain points was sent to SIS S.r.l., this document may be used by SIS to in order to better represent the operation to the court of Rome.

The deadline for point "b" above, has been extended from October 30, 2013 to November 20, 2013.

39.2 Application for the fast track option, pursuant to art. 14, of D.L. no. 102 of August 31, 2013, of the appeal against Judjment No. 214 of the Court of Auditors published on February 17, 2012 related to the alledged breaches of the terms of the concession agreement for the management of the gaming machine remote network

On October 15, 2013 SNAI S.p.A., in accordance with art. 14 of D.L. No. 102 of August 31, 2013 (the Decree"), has presented an application to the Central Appeals Section of the Court of Auditors, for the fast track option to conclude the litigation on the judjment No. 214 published on February 17, 2012 (the "Judgment").
The Judgment, the enforcement of which has been suspended, had condemned SNAI S.p.A. to pay an amount of Euro 210 million to compensate the alleged loss of tax revenues consequent the Company's alleged breach of the service levels required under the concession agreement.
While reaffirming its refutation of the allegations, SNAI S.p.A. asked to be admitted to the procedures permitted by the Decree and by the conversion law described below, in order to take the opportunity to close the dispute, thus eliminating any uncertainty regarding the timing and possible outcome and the Company is seeking to obtain the necessary funds.
In detail SNAI S.p.A. offered to pay the minimum measure of 25% of the penalty imposed by the Judgment, equal to Euro 52.5 million fully aware of the fact that, in the event of non-admission to the fast track option to conclude the litigation, the appeal shall continue along its normal course.
The application is currently under review by the Appeals Section of the Court of Auditors which shall decide upon the ammissability and the related Council Chamber has been set for 30 October 30, 2013.
In the meantime, the DL 102/2013 has been converted into Law with amendments affecting both the percentage payable in order to obtain the fast track option (reduced from 25% to 20%) and the timing of both the payment (no later than November 4, 2013) and the decision of the Appeals Section of the Court of Auditors (no later than Novembre 9, 2013); this shall require the Company to deposit, prior to November 4, 2013, an additional application asking to be admitted to the abovementioned percentage reduction and attaching proof of payment of the 20% of the penalty imposed by the Judgment no. 214/2012 and therefore of Euro 42 million.
The interest charges matured must be added to the amount payable in either case.

The interim condensed consolidated financial statements as of and for the nine months ended September 30, 2013 do not include the effect on the Group's net result, net financial indebtness and sharolders equity deriving from the payment of the abovementioned sums.

In the event that SNAI concludes one of the fast track options to define the Judgemt described above, it would have to pay a sum between 20% and 30% of the penalties imposed by the Judgment, depending upon which legislative ruling be applied following the decision of the Court of Auditors, for an amount, including interest, between Euro 43.8 million and Euro 65,7 million. These amounts would negative impact for a corresponding amount on the Group's net result, net financial indebtness and shareholdings equity as of and for the year ending December 31, 2013.

39.3 Closure of the subsidiary SNAI France SAS

On October 8, 2013 an application was made to the French Commercial Court for the closure of the liquidation process of SNAI FRANCE S.A.S. and on October 25, 2013 the company was removed from the French Companies Register.

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

Subsequent to September 30, 2013 a further interim order that was temporarily enforceable was brought, against which SNAI has appealed to discontinue the enforcement procedure. In the meantime the customer has commenced the enforcement procedure against which SNAI intends to appeal.

on behalf of the Board of Directors,
Dott. Giorgio Sandi
(Chairman and Managing Director)

Milan, October 30, 2013

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The executive responsible for the preparation of accounting and corporate documents, Dr. Marco Codella, declares, pursuant to paragraph 5 art. 154 bis of the Financial Services Act, that the financial information contained in this interim report corresponds to the data contained in the accounting documents and records.

Schedule 1

Composition of the SNAI Group as of September 30, 2013

(thousands of Euro)

Company name	Registered office	Share capital		Percentage held	Notes	Business operations conducted	Consolidation method /valuation criteria
- SNAI S.p.A.	Porcari (LU)	60,749		Parent company		Acceptance of horse race and sports betting through its own concessions - coordination of operations of subsidiaries and electronic operation of expansion of data and services for betting agencies - electronic operation of the connection network of entertainment devices - skill games	full
Subsidiaries:							
- Società Trenno S.r.l. held by sole quotaholder	Milan (MI)	1,932		100.00%	(1)	Organization and operation of horse races and the training center	full
- Immobiliare Valcarenga S.r.l. held by sole quotaholder	Milan (MI)	51		100.00%	(2)	Rent of horse race company for holding of horses	full
- Festa S.r.l. held by sole quotaholder	Porcari (LU)	1,000		100.00%	(3)	Call center management, help desk	full
- Teseo S.r.l. in liquidation	Palermo (PA)	1,032		70.00%	(4)	Design and planning of betting management software systems	net equity
- SNAI Olè s.a.	Madrid (Spain)	61		100.00%	(5)	Acceptance of sports betting and manufacturing of gaming materials - dormant	full
- SNAI France SAS	Paris (France)	150		100.00%	(6)	Acceptance of remote bets -dormant	full
- Teleippica S.r.l.	Porcari (LU)	2,540		100.00%	(7)	Expansion of information and events through all means permitted by technology and regulatory provisions in force now and in the future with the exception of publication in newspapers	full
Affiliates:							
- HIPPOGROUP Rome Capannelle S.p.A.	Rome (RM)	945		27.78%	(8)	Organization and operation of horse races and the training center	net equity
- Solar S.A.	LUSSEMBURGO	31		30.00%	(9)	Financial	net equity
- Alfea S.p.A.	Pisa (PI)	996		30.70%	(10)	Organization and operation of horse races and the training center	net equity
- Connext S.r.l.	Porcari (LU)	82		25.00%	(11)	Distribution and assistance of electronic services, hardwas and software	net equity
Other companies:							
- TIVU + S.p.A. in liquidation	Rome (RM)	520		19.50%	(12)	Multimedia operations, production, gathering and broadcasting of television signal	Cost
- Lexorfin S.r.l.	Rome (RM)	1,500		2.44%	(14)	Financial company for shareholdings in the horse race segment	Cost

Notes on the composition of the SNAI Group

(1) Wholly-owned subsidiary of SNAI S.p.A. following the merger by incorporation of the company Ippodromi San Siro S.p.A. (formerly Società Trenno S.p.A.).This company was constituted on July 27, 2006 and on September 15, 2006 Ippodromi San Siro S.p.A. conferred upon it its "racecourse management" business segment.

(2) Wholly-owned subsidiary of Snai S.p.A.

(3) Constituted on December 30, 1999 with SNAI S.p.A. as its sole shareholder.

(4) Constituted on November 13, 1996 and acquired by Snai SpA on December 30, 1999. On August 3, 2001 the company Teseo S.r.l. was placed into liquidation.

(5) Constituted on November 19, 2008. The company is not operating.

(6) Constituted on July 18, 2010. The company is not operating.

(7) Acquired from third parties on May 5, 2000. On October 2, 2003 the extraordinary shareholders' meeting changed the company name from "SOGEST Società Gestione Servizi Termali S.r.l." to "TELEIPPICA S.r.l." as well as the corporate objective. During 2005 it resolved to increase share capital to Euro 2,540,000. On January 31, 2011 SNAI S.p.A. acquired 80.5% of the share capital of Teleippica S.r.l. from SNAI Servizi S.p.A.. SNAI S.p.A. now holds 100% of the share capital of Teleippica S.r.l..

(8) On January 12, 2011 the shareholders' meeting of the company Hippogroup Roma Capannelle S.p.A. resolved, among other things, the reduction in share capital to Euro 944,520.00. The percentage owned by SNAI S.p.A. has remained unchanged at 27.78%.

(9) Company incorporated under Luxembourg law on March 10, 2006. 30%-owned by SNAI S.p.A. and 70% owned by the Irish company FCCD Limited.

(10) Shareholding of 30.70%, previously owned by Ippodromi San Siro S.p.A. (formerly Società Trenno S.p.A.), now merged by incorporation into SNAI S.p.A.

(11) On December 7, 2000 the investment in Connext Srl was acquired through the purchase of option rights from the previous shareholders and the subsequent underwriting and payment of the share capital increase reserved to the option holders.

(12) On July 7, 2004 the extraordinary shareholders' meeting resolved to place the company Tivu + S.p.A.into liquidation

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

Schedule 2.1

SNAI Group - Consolidated statement of income and other comprehensive income

figures in thousands of Euro	**For the nine months ended September 30, 2012**	**Change**	**For the nine months ended September 30, 2012 restated**
Revenues from sales and services	368,147	(2,608)	365,539
Other revenues	1,338		1,338
Change in inventory of finished and semi-finished products	(2)		(2)
Costs of raw materials and consumables	(874)		(874)
Costs for services and use of third party assets	(284,485)		(284,485)
Costs of personnel	(25,814)		(25,814)
Other operating costs	(20,553)		(20,553)
Capitalized internal constructions costs	574		574
Operating income before amortisation, depreciation, interest and taxes	**38,331**	**(2,608)**	**35,723**
Amortization, depreciation and write-downs	(46,203)		(46,203)
Other provisions	(508)		(508)
Operating loss	**(8,380)**	**(2,608)**	**(10,988)**
Share of net profit/(loss) of associates	2,198		2,198
Financial income	727		727
Financial expenses	(28,092)		(28,092)
Net financial expenses	**(25,167)**	**0**	**(25,167)**
LOSS BEFORE TAXES	**(33,547)**	**(2,608)**	**(36,155)**
Income taxes	8,829	798	9,627
Net loss for the period	**(24,718)**	**(1,810)**	**(26,528)**
Items that not nereclassified subsequently to statement of income	0		0
Gains/(losses) on cash flow hedges net of income tax effect	(3,324)		(3,324)
Items that may be reclassified subsequently to statement of income	(3,324)		(3,324)
Total other comprehensive loss net of taxes	**(3,324)**	**0**	**(3,324)**
Total comprehensive loss for the period	**(28,042)**	**(1,810)**	**(29,852)**
Attributable to :			
Equity holders of the parent	(24,718)		(26,528)
Non-controlling interests	0		0
Net Comprehensive loss for the period attributable to equity holders of the parent	(28,042)		(29,852)
Net Comprehensive loss for the period attributable to non-controlling interests	0		0
Basic loss per share in Euro	(0.21)		(0.23)
Diluted loss per share in Euro	(0.21)		(0.23)

Schedule 2.2

SNAI Group - Consolidated statement of income and other comprehensive income

figures in thousands of Euro	**III° quarter 2012**	**Change**	**III° quarter 2012 restated**
Revenues from sales and services	105,105	(2,608)	102,497
Other revenues	559		559
Change in inventory of finished and semi-finished products	1		1
Costs of raw materials and consumables	(211)		(211)
Costs for services and use of third party assets	(88,284)		(88,284)
Costs of personnel	(7,858)		(7,858)
Other operating costs	(5,490)		(5,490)
Capitalized internal constructions costs	192		192
Operating income before amortisation, depreciation, interest and taxes	**4,014**	**(2,608)**	**1,406**
Amortization, depreciation and write-downs	(13,424)		(13,424)
Other provisions	(234)		(234)
Operating loss	**(9,644)**	**(2,608)**	**(12,252)**
Share of net profit/(loss) of associates	0		0
Financial income	241		241
Financial expenses	(8,658)		(8,658)
Net financial expenses	**(8,417)**	**0**	**(8,417)**
LOSS BEFORE TAXES	**(18,061)**	**(2,608)**	**(20,669)**
Income taxes	4,342	798	5,140
Net loss for the period	**(13,719)**	**(1,810)**	**(15,529)**
Items that not nereclassified subsequently to statement of income	0		0
Gains/(losses) on cash flow hedges net of income tax effect	(1,060)		(1,060)
Items that may be reclassified subsequently to statement of income	(1,060)		(1,060)
Total other comprehensive loss net of taxes	**(1,060)**	**0**	**(1,060)**
Total comprehensive loss for the period	**(14,779)**	**(1,810)**	**(16,589)**
Attributable to :			
Equity holders of the parent	(13,719)		(15,529)
Non-controlling interests	0		0
Net Comprehensive loss for the period attributable to equity holders of the parent	(14,779)		(16,589)
Net Comprehensive loss for the period attributable to non-controlling interests	0		0
Basic loss per share in Euro	(0.12)		(0.13)
Diluted loss per share in Euro	(0.12)		(0.13)

Schedule 2.3

SNAI Group - Consolidated Statement of Financial Position

figures in thousands of Euro	*As of September 30, 2012*	*Change*	*As of September 30, 2012 restated*
ASSETS			
Non-current assets			
Property, plant and equipment	132,915		132,915
Property, plant and equipment under financial lease	19,867		19,867
Total property, plant and equipment	**152,782**	**0**	**152,782**
Goodwill	231,531		231,531
Other intangibile assets	155,854		155,854
Total intangibile assets	**387,385**	**0**	**387,385**
Investments accounted for under the equity method	4,011		4,011
Other investments	46		46
Total investments	**4,057**	**0**	**4,057**
Deferred tax assets	57,437	686	58,123
Other non-current non financial assets	2,401		2,401
Total non-current assets	**604,062**	**686**	**604,748**
Current assets			
Inventory	3,220		3,220
Trade receivables	92,036		92,036
Other current assets	40,047		40,047
Current financial assets	1,760		1,760
Cash and cash equivalents	16,060		16,060
Total current assets	**153,123**	**0**	**153,123**
TOTAL ASSETS	**757,185**	**686**	**757,871**
LIABILITIES AND NET SHAREHOLDERS' EQUITY			
Shareholders' Equity attributable to equity holders of the parent			
Share capital	60,749		60,749
Reserves	146,277		146,277
Net loss for the period	(24,718)	(1,810)	(26,528)
Total Shareholders' Equity attributable to equity holders of the pa	**182,308**	**(1,810)**	**180,498**
Shareholders' Equity attributable to non-controlling interest			
Total Shareholders' Equity	**182,308**	**(1,810)**	**180,498**
Non-current liabilities			
Employee termination indemnities	4,496		4,496
Non-current financial liabilities	357,596		357,596
Deferred tax liabilities	47,126		47,126
Provisions for risks and charges	14,259		14,259
Other non-current liabilities	2,244		2,244
Total Non-current liabilities	**425,721**	**0**	**425,721**
Current liabilities			
Trade payables	33,787	0	33,787
Other liabilities/payables	94,869	2,496	97,365
Current financial liabilities	11,300		11,300
Current portion of long-term loans	9,200		9,200
Total current financial liabilities	**20,500**	**0**	**20,500**
Total current liabilities	**149,156**	**2,496**	**151,652**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**757,185**	**686**	**757,871**