

**Press release**

(Pursuant to art. 114, paragraph 5 of Legislative Decree 58/1998)

**Main consolidated economic and financial data**

- Revenues of Euro 369.5 million in the first nine months and Euro 105.7million in the third quarter
- Ebitda of Euro 38.3 million in the first nine months and Euro 4million in the third quarter
- Net financial position of Euro -362 million

Milan, 12 November 2012 – The Board of Directors of Snai S.p.A. met today in Milan under Giorgio Sandi's chairmanship and approved the consolidated interim report for the Group as of 30 September 2012, setting forth third quarter revenues of Euro 105.7 million and third quarter Ebitda of Euro 4 million and, for the first nine months of the year, revenues of Euro 369.5 million and Ebitda of Euro 38.3 million.

**SNAI GROUP – RESULTS FOR THE THIRD QUARTER AND THE FIRST NINE MONTHS OF 2012**

Consolidated income statement	3Q 2012	3Q 2011	Diff. %	9M 2012	9M 2011	Diff. %
Revenues	105.7	120.1	(12.0)	369.5	404.9	(8.7)
EBITDA	4.0	15.1	(73.5)	38.3	56.1	(31.7)
EBIT	(9.6)	(1.2)	(700.0)	(8.4)	7.4	(213.5)
Loss before taxes	(18.1)	(12.6)	(43.7)	(33.5)	(19.9)	(68.3)
Loss pertaining to the Group	(13.7)	(9.7)	(41.2)	(24.7)	(17.2)	(43.6)
Base/diluted loss per share	(0.12)	(0.08)	(50.0)	(0.21)	(0.15)	(40.0)

- Expressed in millions of euro.

Ebitda is a figure obtained by taking the sum of operating earnings, provisions set aside, amortizations, impairment and other non-monetary items. Ebitda is considered an alternative performance indicator but is not defined as such under International Financial Reporting Standards ("Ifrs"): it therefore need not take into account the requisites imposed under Ifrs concerning the recording, valuation and presentation of the amounts. Ebitda is considered useful for purposes of explaining changes in operating performance and provides useful information on the capacity to manage indebtedness and is commonly used by analysts and investors in the gaming sector. Ebitda must not be considered an alternative to operating results as a performance indicator or to the cash-flow statement as a measure of liquidity. Ebitda may not be comparable with similar indicators used by other companies.

As compared with the first nine months of 2011, 2012 has been marked primarily by a higher payout for sports bets, a factor which has affected the entire Italian market, which has had an adverse effect on both revenues and EBITDA for the period. With respect to forecasts, moreover, the continuation of the block on the Barcrest VLT platform has given rise to reduced growth in this product segment.

Mostly for these elements, the revenues for the first nine months of 2012 amount to Euro 369.5 million, down 8.7% with respect to the same period in 2011 (Euro 404.9 million). The payout for sports bets which rose from 79,7% in the first nine months of 2011 to 84% in the same period of 2012, has led to a reduction in revenues of approximately Euro 27 million. This was coupled with a 6.7% decrease in wagers. Wagers have been showing a downward trend also for horse race betting due to the continuation of the crisis affecting such segment.

However, Snai's market share in the VLT segment has risen to 4% of the relevant market.



Ebitda amounts to Euro 38.3 million down from Euro 56.1 million reported in the same period in 2011, essentially on account of the above-mentioned reduction of revenues by Euro 27 million, caused by the unfavorable variation in the payout, which was particularly concentrated in the month of September. The growing contribution of VLTs and remote gaming continues, even if the unavailability of the Barcrest platform limits the number of machines wagering with respect to the full potential of SNAI's network.

For the same reasons, Ebit is negative in the amount of Euro - 8.4million, as compared with the positive amount of Euro 7.4 million generated at the end of the first nine months of 2011.

The results of operations for the first nine months of 2012 therefore show a loss of Euro 24.7 million, as compared with the loss of Euro 17.2 million registered in the same period last year.

The net financial position as of 30 September 2012 amounts to Euro 362 million, up 2.1% from the amount of Euro 354.4 million registered at the end of 2011. A delay in collections from ASSI/Unire and from retailers has contributed toward this variation.

### **Snai's performance in gaming and betting**

Snai's total wagers from gaming and betting, in the first nine months of 2012, amounted to Euro 3,980 million up 13.9% from the wagers of Euro 3,494 registered in the same period in 2011.

The initiatives aimed at optimizing and rationalizing Snai's acceptance network continue, with numerous re-openings of stores planned to take place prior to yearend 2012.

As of 30 September 2012, 3,900 VLT devices have been installed (including approximately 1450 Barcrest devices), out of the 5,052 devices. Even in such a situation, wagers in this segment have none the less achieved a market share of 4%, which is a significant gain over the same period in 2011.

On-line games, thanks in particular to the "cash" modality, reported wagers of approximately Euro 663million, up 128% with respect to the Euro 290million raised in the first nine months of 2011. Snai's market share in this segment is 6%.

The figures on sports bets show wagers amounting to over Euro 620 million(-6.7% with respect to the Euro 665million in the first nine months of 2011), horse race wagers amounted to Euro 295million (down over 26% from the wagers of over Euro401 million realized in the same period in 2011).

In order to improve and expand its product range, SNAI has entered into an agreement with the Adria Gaming group for the supply of Novomatic videolotteries, for which the certification process is now underway and expected to be completed by the end of this year.

In the month of August, the new "Snai Sport" application was launched, which allows for betting on-the-go through smartphones and tablets. This new modality of playing has been very well received by players on the market.

### **Other material events**

On 1 October 2012, the State Monopolies Authority (*Amministrazione autonoma dei Monopoli di Stato*) served upon Snai a ruling revoking the certificate of conformity for the "Barcrest videolottery platform, due to the episode which occurred on 16 April 2012 (see the press release dated 18 April 2012, the press release dated 4 June 2012, and the press release dated 1 October 2012, all of which are available on <http://istituzionale.snai.it>).

The ruling provides for a block on the use of the Barcrest platform– which had already been deactivated by Snai on 16 April 2012 –for the acceptance of lawful gaming wagers through fun and entertainment devices. Subsequently, Snai took all actions necessary and useful to overcome the resulting difficulties. The administrative proceeding brought by Aams for the revocation of the concession for the collection of gaming wagers through fun and entertainment devices has not yet been concluded.

In the second half of October, Snai took part in the tender procedure instituted by Aams for the award of 2,000 new horse race betting and sports concessions, with the aim of consolidating its presence on the gaming and betting market.

## Updated forecasts for 2012

Due essentially to the above-mentioned non-recurring factors, such as the higher payout for the period (shown in particular through actuals for September) and the block on the Barcrest platform, the final performance in the first nine months has been lower than originally forecasted.

The performance in terms of payout in October and in the first few days of November leads to conclude that the differential (with respect to the historic trend) accumulated in the first nine months of 2012 will be only partially recoverable. Following the revocation of the above-mentioned Barcrest certificate, the removal of the Barcrest is underway, while the installation of the VLTs continues and is expected to be completed in 2013. For these reasons, the revenues for 2012 are expected to amount to approximately Euro 500million, while EBITDA, assuming a normalized trend in the payout for the rest of the year, is expected to amount to Euro 70 million. The estimated net financial position as of 31 December 2012 is confirmed in the range of Euro -360million to Euro -390million.

*The executive in charge of drafting the Company's financial and corporate documents, Dr. Marco Codella, declares pursuant to paragraph 2 art. 154 bis of the Financial Services Act (Testo Unico della Finanza) that the financial disclosure set forth in this press release reflects the Company's documentary results and accounting books and records.*

## Public relations and press office

Valeria Baiotto – Tel. +39.02.4821.6254 – Cell. +39.334.600.6818 – e-mail [valeria.baiotto@snai.it](mailto:valeria.baiotto@snai.it)

Giovanni Fava – Tel. +39.02.4821.6208 – Cell. +39.334.600.6819 – e-mail [giovanni.fava@snai.it](mailto:giovanni.fava@snai.it)

*All press releases issued by SNAI S.p.A. pursuant to article 114 of Legislative Decree no. 58 of 24 February 1998 and the related implementing provisions are also available on the company's website at [www.snai.it](http://www.snai.it).*

In compliance with the requirements set forth in CONSOB notice prot. 10084105 of 13 October 2010, set forth below is the disclosure on the company and the SNAI Group.

### a) Net financial position of the Company and the SNAI Group

(in thousands of Euro)	SNAI SPA		SNAI GROUP	
	30.09.2012	31.12.2011	30.09.2012	31.12.2011
A) Liquidity	15,588	37,130	16,061	40,283
B) Current financial receivables	4,816	5,496	7	256
C) Current bank debts*	(372)	(17,655)	(373)	(17,655)
D) Non-current part of current indebtedness	(9,200)	(75,750)	(9,200)	(75,750)
E) Other current financial debts	(14,176)	(24,619)	(10,927)	(20,289)
<b>Total current net financial indebtedness (A+B-C-D-E)</b>	<b>(3,344)</b>	<b>(75,398)</b>	<b>(4,432)</b>	<b>(73,155)</b>
F) Non-current bank debts	(339,568)	(259,337)	(339,568)	(259,337)
G) Other non-current financial debts	(18,015)	(21,847)	(18,028)	(21,870)
<b>Total net financial indebtedness</b>	<b>(360,927)</b>	<b>(356,582)</b>	<b>(362,028)</b>	<b>(354,362)</b>

\* As of 30 September 2012, this includes Euro 163 thousand of debts owed to banks due to RID payments (automatic debit payments) falling due later which as of 31 December 2011 amounted to Euro 243 thousand



The net financial position does not include bank accounts under escrow in the amount of Euro 1,752 thousand, classified under the item "current financial assets" of the balance sheet.

#### b) Overdue debt positions of the SNAI Group

(in thousands of Euro)

Current liabilities	Balance as of 30.09.2012	Overdue as of 30.09.2012
Financial debts	20,500	-
Commercial debts	33,787	6,019
Tax debts	23,594	-
Debts owed to Social Security Institutions	1,867	-
Other debts	66,288	-
	<b>146,036</b>	<b>6,019</b>

Amounts overdue as of 30 September 2012, of Euro 6,019 thousand, were incurred as part of current operations vis-à-vis suppliers of work, services and materials; such amounts were in large part paid after 30 September 2012. In certain cases, a new payment date was established. To date, no initiatives in such regard have been taken by any supplier.

#### c) Related parties

Consob notice 6064293 dated 28 July 2006 requires that in addition to what is provided under the international accounting standard on "disclosure in financial statements on related party transactions" (IAS 24), information must be provided on the incidence of related party transactions or positions, as classified under IAS 24, on the company's balance sheet and results of operations.

The following table sets forth such incidences. The incidence of transactions on the results of operations, as well as the financial flows of the company and/or the Group must be analyzed considering that the main relationships in place with related parties are completely identical to equivalent contracts in place with third parties.

The Group supplies services for concession holders of the betting acceptance points for horse race betting and sports betting. Certain concession holders and managers of points of sale (horse race and sports stores) were owned by members of the parent company's board of directors who resigned on 14 May 2012. The transactions, which are governed by standardized contracts, are at market conditions that are completely identical to those with third party concession holders.

SNAI S.p.A. has a bank account with Banca Popolare di Milano, qualifiable as a party related to SNAI since it is a company in which Investindustrial IV L.P. holds a stake. Such transactions were concluded in the Company's interest, as part of its day-to-day operations and at market conditions.

In summary, the following table sets forth relationships with the SNAI Group's related parties:

thousands of Euro	30.09.2012	% incidence	31.12.2011	% incidence
<b>Commercial receivables:</b>				
- owed by companies owned by Snai S.p.A.'s directors	12	0.01%	13,365	17.50%
- owed by Global Games S.p.A.	-	0.00%	4	0.01%
- owed by companies owned by Snai S.p.A.'s shareholders	1,103	1.20%	159	0.21%
	<b>1,115</b>	<b>1.21%</b>	<b>13,528</b>	<b>17.72%</b>
<b>Other current assets:</b>				
- owed by companies owned by Snai S.p.A.'s directors	238	0.59%	-	0.00%
- owed by companies owned by Snai S.p.A.'s shareholders	5	0.01%	-	0.00%
- owed by Alfea	6	0.01%	-	0.00%
	<b>249</b>	<b>0.61%</b>	<b>-</b>	<b>0.00%</b>

<b>Total assets</b>	<b>1,364</b>	<b>0.18%</b>	<b>13,528</b>	<b>1.73%</b>
<b>Commercial debts:</b>				
- owed to companies owned by Snai S.p.A.'s directors	63	0.19%	29	0.11%
- owed to Tivu + S.p.A. in liquidation	64	0.19%	43	0.16%
- owed to Tesco S.r.l. in liquidation	14	0.04%	-	0.00%
- owed to Connex S.r.l.	142	0.42%	159	0.58%
- owed to Alfea S.p.A.	3	0.01%	-	0.00%
- owed to companies owned by Snai S.p.A.'s shareholders	5	0.01%	-	0.00%
	<b>291</b>	<b>0.86%</b>	<b>231</b>	<b>0.85%</b>
<b>Other current liabilities:</b>				
- owed to companies owned by Snai S.p.A.'s directors	1	0.00%	3,548	4.63%
- owed to SNAI S.p.A.'s former directors pursuant to non-competition agreements	-	0.00%	567	0.74%
- owed to Global Games S.p.A.	1	0.00%	-	0.00%
	<b>2</b>	<b>0.00%</b>	<b>4,115</b>	<b>5.37%</b>
<b>Other non-current liabilities:</b>				
- owed to former directors of SNAI S.p.A. pursuant to non-competition agreements	-	0.00%	1,134	20.31%
	-	<b>0.00%</b>	<b>1,134</b>	<b>20.31%</b>
<b>Total liabilities</b>	<b>293</b>	<b>0.05%</b>	<b>5,480</b>	<b>0.96%</b>

The following table sets forth amounts received from related parties:

#### First nine months of 2012

thousands of Euro	01.01.2012- 30.09.2012 % incidence		01.01.2011- 30.09.2011 % incidence	
<b>Revenues for the supply of services and chargebacks:</b>				
- from companies owned by Snai S.p.A.'s directors	265	0.07%	1,652	0.41%
- from companies owned by Snai S.p.A.'s shareholders	18	0.00%	7	0.00%
- from Connex S.r.l.	-	0.00%	1	0.00%
	<b>283</b>	<b>0.07%</b>	<b>1,660</b>	<b>0.41%</b>
<b>Other revenues</b>				
- from SNAI Servizi S.p.A.	-	0.00%	42	4.23%
- from Global Games S.p.A.	4	0.30%	-	0.00%
- from Tivu + S.p.A. in liquidation	-	0.00%	3	0.30%
- from companies owned by Snai S.p.A.'s shareholders	94	7.03%	-	0.00%
	<b>98</b>	<b>7.33%</b>	<b>45</b>	<b>4.53%</b>
<b>Earned interest:</b>				
- from companies owned by Snai S.p.A.'s directors	17	2.34%	170	11.81%
- from SNAI Servizi S.p.A.	-	0.00%	384	26.69%
	<b>17</b>	<b>2.34%</b>	<b>554</b>	<b>38.50%</b>
<b>Total revenues</b>	<b>398</b>	<b>0.11%</b>	<b>2,259</b>	<b>0.56%</b>

**Costs for raw materials and consumables used:**

- charged by Connex S.r.l.	-	0.00%	1	0.10%
	<b>-</b>	<b>0.00%</b>	<b>1</b>	<b>0.10%</b>
<b>Costs for the supply of services and chargebacks:</b>				
- charged by companies owned by Snai S.p.A.'s directors	8,597	3.02%	32,698	10.89%
- charged by SNAI Servizi S.p.A.	-	0.00%	12	0.00%
- charged by companies owned by Snai S.p.A.'s shareholders	1,016	0.36%	-	0.00%
- charged by Alfea S.p.A.	13	0.00%	-	0.00%
- charged by Connex S.r.l.	536	0.19%	589	0.20%
- charged by Solar S.A.	-	0.00%	80	0.03%
	<b>10,162</b>	<b>3.57%</b>	<b>33,379</b>	<b>11.12%</b>
<b>Other operating costs:</b>				
- paid to companies owned by Snai S.p.A.'s directors	28	0.16%	-	0.00%
- charged by Connex S.r.l.	-	0.00%	2	0.01%
- charged by Tivu + S.p.A. in liquidation	21	0.12%	-	0.00%
- charged by Teseo S.r.l. in liquidation	14	0.08%	-	0.00%
	<b>63</b>	<b>0.36%</b>	<b>2</b>	<b>0.01%</b>
<b>Interest payable and fees:</b>				
Financial charges Solar S.A.	-	0.00%	1,575	5.48%
Financial charges on vendor loan payable to companies owned by the SNAI Group's former directors	-	0.00%	70	0.24%
	<b>-</b>	<b>0.00%</b>	<b>1,645</b>	<b>5.72%</b>
<b>Total costs</b>	<b>10,225</b>	<b>3.35%</b>	<b>35,027</b>	<b>9.88%</b>

### Third Quarter 2012

thousands of Euro	Q3 2012	% incidence	Q3 2011	% incidence
<b>Revenues for supply of services and chargebacks:</b>				
- from companies owned by Snai S.p.A.'s directors	67	0.06%	465	0.39%
- from companies owned by Snai S.p.A.'s shareholders	6	0.01%	2	0.00%
- from Connex S.r.l.	-	0.00%	1	0.00%
	<b>73</b>	<b>0.07%</b>	<b>468</b>	<b>0.39%</b>
<b>Other revenues</b>				
- from Tivu + S.p.A. in liquidation	-	0.00%	1	0.60%
- from Global Games S.p.A.	1	0.18%	-	0.00%
- from companies owned by Snai S.p.A.'s shareholders	40	7.16%	-	0.00%
	<b>41</b>	<b>7.33%</b>	<b>1</b>	<b>0.60%</b>
<b>Earned interest:</b>				
- from companies owned by Snai S.p.A.'s directors	-	0.00%	40	10.72%
	<b>-</b>	<b>0.00%</b>	<b>40</b>	<b>10.72%</b>
<b>Total revenues</b>	<b>114</b>	<b>0.11%</b>	<b>509</b>	<b>0.42%</b>
<b>Costs for supply of services and chargebacks:</b>				
- charged by companies owned by Snai S.p.A.'s directors	225	0.25%	7,348	8.08%
- charged by companies owned by Snai S.p.A.'s shareholders	498	0.56%	-	0.00%
- charged by Alfea S.p.A.	13	0.01%	-	0.00%
- charged by Connex S.r.l.	171	0.19%	180	0.20%
	<b>907</b>	<b>1.03%</b>	<b>7,528</b>	<b>8.28%</b>
<b>Other operating costs:</b>				

- paid to companies owned by Snai S.p.A.'s directors	28	0.51%	-	0,00%
- charged by Connex S.r.l.	-	0.00%	1	0,02%
- charged by Tivu + S.p.A. in liquidation	21	0.38%	-	0,00%
- charged by Teseo S.r.l. in liquidation	14	0.26%	-	0,00%
	<b>63</b>	<b>1.15%</b>	<b>1</b>	<b>0.02%</b>
<b>Total costs</b>	<b>970</b>	<b>1.03%</b>	<b>7,529</b>	<b>7.71%</b>

Revenues for the supply of services and chargebacks and the other revenues represent 0.99% of earnings before interest, taxes depreciation and amortization in the first nine months of 2012 (3.04% in the first nine months of 2011) while the total revenues represent 1.61% of Earnings (Loss) for the first nine months of 2012 (down from 13.12% for the first nine months of 2011).

Costs for raw materials and consumables used and for the supply of services and chargebacks represent 26.68% of earnings before interest, taxes depreciation and amortization in the first nine months of 2012 (down from 59.47% in the first nine months of 2011), while total costs represent 41.37% of Earnings (Profit) in the first nine months of 2012 (down from 203.47% in the first nine months of 2011).

### The Parent Company SNAI S.p.A.

In summary, the following table sets forth relationships with the parent company SNAI S.p.A.'s related parties:

thousands of Euro	30.09.2012	31.12.2011
<b>Commercial receivables:</b>		
- owed by companies owned by Snai S.p.A.'s directors	2	13,364
- owed by Global Games S.p.A.	-	4
- owed by Società Trenno S.r.l.	570	211
- owed by Festa S.r.l.	31	23
- owed by Mac Horse S.r.l. in liquidation	-	2
- owed by Immobiliare Valcarenga S.r.l.	-	1
- owed by SNAI Olé S.A.	-	1
- owed by Snai France	-	1
- owed by Faste S.r.l. (cancelled from the Companies Register on 4 June 2012)	-	1
- owed by Teleippica S.r.l.	89	12
- owed by companies owned by Snai S.p.A.'s shareholders	1,103	159
<b>Total commercial receivables</b>	<b>1,795</b>	<b>13,779</b>
<b>Other current assets:</b>		
- owed by companies owned by Snai S.p.A.'s directors	238	-
- owed by Società Trenno S.r.l.	11	6
- owed by Festa S.r.l.	670	562
- owed by Mac Horse S.r.l. in liquidation	-	72
- owed by Immobiliare Valcarenga S.r.l.	57	39
- owed by Teleippica S.r.l.	687	-
- owed by companies owned by Snai S.p.A.'s shareholders	5	-
- owed by Alfea S.p.A.	6	-
<b>Total other current assets</b>	<b>1,674</b>	<b>679</b>
<b>Financial receivables:</b>		
- owed by Società Trenno S.r.l.	4,802	4,778
- owed by SNAI Olé S.A.	739	-
- owed by Faste S.r.l. in liquidation	-	457
- owed by SNAI France	7	5
<b>Total financial receivables</b>	<b>5,548</b>	<b>5,240</b>
<b>Total assets</b>	<b>9,017</b>	<b>19,698</b>

**Other non-current liabilities**

- owed to SNAI S.p.A.'s directors	-	1,134
<b>Total other non-current liabilities</b>	-	<b>1,134</b>

**Commercial debts:**

- owed to companies owned by Snai S.p.A.'s directors	61	29
- owed to Società Trenno S.r.l.	49	188
- owed to Festa S.r.l.	559	124
- owed to Teleippica S.r.l.	254	1
- owed to Connex S.r.l.	139	154
- owed to Tivu + S.p.A. in liquidation	64	43
- owed to Teseo S.r.l. in liquidation	14	-
- owed to Alfea S.p.A.	3	-
- owed to companies owned by Snai S.p.A.'s shareholders	5	-

<b>Total commercial debts</b>	<b>1,148</b>	<b>539</b>
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**Other current liabilities**

- owed to companies età owned by Snai S.p.A.'s directors	1	3,548
- owed to SNAI S.p.A.'s directors	-	567
- owed to Global Games S.p.A.	1	-
- owed to Società Trenno S.r.l.	4,300	2,711
- owed to Festa S.r.l.	1	-
- owed to Teleippica S.r.l.	5	-

<b>Total other current liabilities</b>	<b>4,308</b>	<b>6,826</b>
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**Current financial debts:**

- owed to Festa S.r.l.	1,938	2,632
- owed to Mac Horse S.r.l. in liquidation	118	347
- owed to Immobiliare Valcarenga S.r.l.	192	162
- owed to Teleippica S.r.l.	1,023	1,243

<b>Total current financial debts</b>	<b>3,271</b>	<b>4,384</b>
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<b>Total liabilities</b>	<b>8,727</b>	<b>12,883</b>
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Assets are stated net of the related fund.

thousands of Euro	<b>01.01.2012- 30.09.2012</b>	<b>01.01.2011- 30.09.2011</b>
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**Revenues for the supply of services and chargebacks:**

-from companies owned by Snai S.p.A.'s directors	198	1,652
- from Società Trenno S.r.l.	2,022	2,049
- from Festa S.r.l.	-	1
- from Connex S.r.l.	-	1
- from companies owned by Snai S.p.A.'s shareholders	18	7

<b>Total revenues for the supply of services and chargebacks</b>	<b>2,238</b>	<b>3,710</b>
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**Other revenues**

- from SNAI Servizi S.p.A.	-	42
- from Global Games S.p.A.	4	-
- from Società Trenno S.r.l.	2,185	2,276
- from Festa S.r.l.	94	161



- from Mac Horse S.r.l. in liquidation	24	25
- from Immobiliare Valcarenga S.r.l.	8	7
- from SNAI Olé S.A.	1	-
- from SNAI France	1	-
- from Faste S.r.l. in liquidation	1	23
- from Teleippica S.r.l.	385	410
- from companies owned by Snai S.p.A.'s shareholders	94	-
- from Tivu + S.p.A. in liquidation	-	3
<b>Total Other revenues</b>	<b>2,797</b>	<b>2,947</b>

**Earned interest:**

- from companies owned by Snai S.p.A.'s directors	17	170
- from SNAI Servizi S.p.A.	-	284
- from Società Trenno S.r.l.	166	297
- from Festa S.r.l.	1	-
- from SNAI Olé S.A.	-	32
- from Faste S.r.l. (cancelled from the Companies Register on 4 June 2012)	8	10
- from Teleippica S.r.l.	2	176
<b>Total earned interest</b>	<b>194</b>	<b>969</b>
<b>Total revenues</b>	<b>5,229</b>	<b>7,626</b>

**Costs for raw materials and consumables used**

- charged by Connex S.r.l.	-	1
<b>Total costs for raw materials and consumables</b>	<b>-</b>	<b>1</b>

**Costs for the supply of services and chargebacks:**

- paid to companies owned by Snai S.p.A.'s directors	8,572	32,698
- charged by SNAI Servizi S.p.A.	-	11
- charged by Società Trenno S.r.l.	207	276
- charged by Festa S.r.l.	3,695	4,054
- charged by Mac Horse S.r.l. in liquidation	230	395
- charged by Solar S.A.	-	80
- charged by Teleippica S.r.l.	1,685	1,654
- charged by Connex S.r.l.	536	587
- charged by Alfea S.p.A.	13	-
- charged by companies owned by Snai S.p.A.'s shareholders	1,016	-
<b>Total costs for the supply of services and chargebacks</b>	<b>15,954</b>	<b>39,755</b>

**Costs for seconded personnel and miscellaneous personnel costs**

- charged by Società Trenno S.r.l.	103	102
- charged by Teleippica S.r.l.	1	-
<b>Total costs for seconded personnel</b>	<b>104</b>	<b>102</b>

**Other operating costs**

- paid to companies owned by Snai S.p.A.'s directors	28	-
- charged by Teleippica S.r.l.	-	2
- charged by Connex S.r.l.	-	2



- charged by Società Trenno S.r.l.	11	18
- charged by Tivu + S.p.A. in liquidation	21	-
- charged by Teseo S.r.l. in liquidation	14	-
<b>Total other operating costs</b>	<b>74</b>	<b>22</b>
<b>Interest payable and fees</b>		
Interest payable by Festa S.r.l.	90	106
Interest payable by Mac Horse S.r.l.	12	16
Interest payable by Immobiliare Valcarenga S.r.l.	7	6
Interest payable by Teleippica S.r.l.	59	-
Financial charges Solar S.A.	-	1,575
Financial charges on vendor loan payable to companies owned by the SNAI Group's former directors	-	70
<b>Total interest payable and fees</b>	<b>168</b>	<b>1,773</b>
<b>Total costs</b>	<b>16,300</b>	<b>41,653</b>

#### d) State of advancement of the debt restructuring plan and the Group's development plans

The Group, upon the successful conclusion of the financial indebtedness renegotiation process in March 2011, has attained continuity in financial funding needed to support its development plans and the realignment of debt payment dates with the cash flows forecasted under such plans. We are therefore of the view that the evolution and expansion of the Group's core business will enable it to reach a position of economic stability and to generate adequate cash flows. We have on several occasions pointed out that the Group's capacity to achieve such position of stability is also dependent upon the achievement of operating results substantially in line with those forecasted in the 2012 budget and the strategic guidelines prepared for the two-year period 2013 – 2014. The final results as of September 2012 are lower than expected but result is, however, due mainly to two entirely exceptional events and, in other words, the anomalous trend in payouts (including at the global market level) and the consequences caused by the Barcrest event. In other business areas, the Group's performance is in line with if not better than budget forecasts. The Directors are therefore of the view that although the Group's end-of-year results of operations are expected to be significantly lower than budget forecasts, such less than satisfactory performance is due to events which were entirely exceptional in nature which, with regard to the payout, should in the medium term once again show results in line with the historic trend and in the case of the Barcrest event, has already been addressed by the Group through various measures aimed at mitigating its effect and reconstructing an ordinary basis for the future growth of the segment. On the basis of these considerations, the Directors are of the view that the Group has the capacity to continue its business operations in the foreseeable future, and have therefore prepared the financial statement based upon an assumption of business continuity.

#### e) Financial covenants

The Loan Agreements in place impose a series of obligations upon the Group, as is standard practice for these types of loans.

SNAI S.p.A. has undertaken to comply with financial parameters on the basis of agreements reached with Unicredit S.p.A., Banca IMI S.p.A. and Deutsche Bank S.p.A. concerning the medium/long-term facility for up to Euro 490 million (for further information, see note 27).

In particular, such financial parameters refer to the maintenance of certain ratios between cash flows linked to financial indebtedness, consolidated Ebitda and investments. Ebitda is defined in the facility agreement and indicates the consolidated earnings before interest, taxes, depreciation and amortization and provisions set aside, and all extraordinary and non-recurring items.

The covenant ratios calculated in accordance with the contractual rules as of 30 September 2012 fall within the limits set forth in the facility agreement. SNAI S.p.A. has also undertaken to provide to the lenders periodic final financial and economic data, as well as key performance indicators, for the SNAI Group, concerning, *inter alia*, EBITDA, net financial indebtedness, working capital, starting from the month of October 2011.

Please note that the failure to comply with the above-mentioned financial covenants and obligations, could give rise to acceleration of SNAI S.p.A.'s payment obligations in connection with the facility.

#### f) State of advancement of the Business Plan

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

- The development of the horse race betting and fixed quota sports betting segment, as both concession holder and service provider, in line with the strategic approach defined in 2006;
- The launch and development of the VLTs segment: through the Abruzzo decree, VLT terminals have been introduced to the Italian market, which allow existing concession holders for the management of the network and paragraph 6a devices (AWP) to use such terminals. The SNAI Group has purchased 5,052 rights with an outlay of Euro 76 million, which has already been paid in full;
- The launch and development of virtual races which on-line concession holders of the Bersani network are authorized to pursue, as well as the casino games and cash games businesses as part of the development of the broader remote gaming business.

The Board of Directors, at its meeting held on 27 January 2012 had approved the Budget 2012, focusing on the above-mentioned strategies for development and growth for the Group.

The budget confirmed the objective of completing the installation of all of the VLTs for which the Company obtained a concession (5,052 rights). The VLT segment is the segment which presents the highest growth rates and may contribute significantly to improving the Group's profitability.

The other areas for enhancement included the optimization of the distribution Network through the segmentation of game rooms and the actual exploitation of their full potential. In this regard, the development of new store layouts is envisaged, as well as the strengthening of the Group's presence in corners.

It is envisaged that the portfolio of on-line products will be further expanded with the objective of achieving their full potential, also by taking advantage of possible synergies with physical gaming products.

The results for the first nine months of 2012 show discrepancies with respect to forecasts, which are attributable to (1) the higher payout for the period as compared with expectations (in line with the market) (2) effects stemming from the block on the Barcrest platform (3) effects of the lower level of wagers for horse race and sports betting, also as compared with the expectations for the European Football Championships.

The final results as of September are therefore lower than forecasts. However, this is mainly attributable to exceptional events which occurred over the period: the trend in the payout (also at the global market level) and the consequences stemming from the Barcrest event. In other business areas, the Group's performance is in line with forecasts. In this basis, the Directors are of the view that, once the payout returns to its historic levels and the corrective actions concerning the Barcrest event are completed on the VLTs, the Group will resume performance levels in line with the forecasts set forth in its long-term business plans.

#### Schedules:

- **SNAI Group:**
  - Consolidated income statement for the first nine months of 2012
  - Consolidated income statement for the third quarter of 2012
  - Consolidated balance sheet as of 30.09.2012
  - Consolidated cashflow statement as of 30.09.2012

**SNAI Group – consolidated income statement**

<i>in thousands of Euro</i>	<b>First nine months</b>	
	<b>2012</b>	<b>2011</b>
Revenues from sales and supplies	368,147	403,885
Other revenues and proceeds	1,338	994
Variation in leftover stocks of finished and semi-finished products	(2)	26
Raw materials and consumables used	(874)	(1,045)
Costs for services and the use of third party assets	(284,485)	(300,327)
Costs for personnel	(25,814)	(23,390)
Other operating costs	(20,553)	(24,584)
Costs for internal capitalized works	574	574
<b>Earnings before interest, taxes, depreciation and amortization</b>	<b>38,331</b>	<b>56,133</b>
Amortization and depreciation	(46,203)	(48,378)
Other provisions set aside	(508)	(394)
<b>Earnings before interest and taxes</b>	<b>(8,380)</b>	<b>7,361</b>
Proceeds and charges from shareholdings	2,198	12
Interest earned	727	1,439
Interest paid	(28,092)	(28,728)
<b>Total financial charges and proceeds</b>	<b>(25,167)</b>	<b>(27,277)</b>
<b>EARNINGS BEFORE TAXES</b>	<b>(33,547)</b>	<b>(19,916)</b>
Income taxes	8,829	2,701
<b>Earnings (loss) for the period</b>	<b>(24,718)</b>	<b>(17,215)</b>
Other components of the income statement	(3,324)	(2,146)
<b>Total earnings/(loss) for the period</b>	<b>(28,042)</b>	<b>(19,361)</b>
<i>Attributable to:</i>		
Earnings (loss) for the period pertaining to the Group	(24,718)	(17,215)
Earnings (loss) for the period pertaining to Third Parties	0	0
Total Earnings (loss) for the period pertaining to the Group	(28,042)	(19,361)
Total Earnings (loss) for the period pertaining to Third Parties	0	0
Earnings (loss) per base share in Euro	(0.21)	(0.15)
Earnings (loss) per diluted share in Euro	(0.21)	(0.15)

**SNAI Group – Consolidated income statement**

<i>in thousands of Euro</i>	<b>Third quarter</b>	
	<b>2012</b>	<b>2011</b>
Revenues delle vendite e delle prestazioni	105,105	119,949
Other revenues e proventi	559	166
Variation in leftover stock of finished and semi-finished products	1	1
Raw materials and consumables used	(211)	(295)
Costs for services and the use of third party assets	(88,284)	(90,995)
Costs for personnel	(7,858)	(7,295)
Other operating costs	(5,490)	(6,630)
Costs for internal capitalized works	192	192
<b>Earnings before interest, taxes, depreciation and amortization</b>	<b>4,014</b>	<b>15,093</b>
Depreciation and amortization	(13,424)	(16,305)
Other provisions set aside	(234)	0
<b>Earnings before interest, taxes</b>	<b>(9,644)</b>	<b>(1,212)</b>
Proceeds and charges from shareholdings	0	4
Interest earned	241	373
Interest paid	(8,658)	(11,734)
<b>Total financial charges and proceeds</b>	<b>(8,417)</b>	<b>(11,357)</b>
<b>EARNINGS BEFORE TAXES</b>	<b>(18,061)</b>	<b>(12,569)</b>
Income taxes	4,342	2,879
<b>Earnings (loss) for the period</b>	<b>(13,719)</b>	<b>(9,690)</b>
Other components of the income statement	(1,060)	(2,146)
<b>Total Earnings/(loss) for the period</b>	<b>(14,779)</b>	<b>(11,836)</b>
<i>Attributable to:</i>		
Earnings (loss) for the period pertaining to the Group	(13,719)	(9,690)
Earnings (loss) for the period pertaining to Third Parties	0	0
Total Earnings (loss) for the period pertaining to the Group	(14,779)	(11,836)
Total Earnings (loss) for the period pertaining to Third Parties	0	0
Earnings (loss) per base share in Euro	(0.12)	(0.08)
Earnings (loss) per diluted share in Euro	(0.12)	(0.08)

**Gruppo SNAI - Consolidated balance sheet**
*amounts expressed in thousands of euro*
**30.09.2012    31.12.2011**
**ASSETS**
**Non-current assets**

Owned real estate assets, plants and equipment	132.915	128.968
Leased assets	19.867	28.065
<b>Total tangible fixed assets</b>	<b>152.782</b>	<b>157.033</b>
Goodwill	231.531	231.531
Other intangible assets	155.854	185.082
<b>Total intangible fixed assets</b>	<b>387.385</b>	<b>416.613</b>
Shareholdings appraised on a net equity basis	4.011	1.813
Shareholdings in other companies	46	46
<b>Total shareholdings</b>	<b>4.057</b>	<b>1.859</b>
Taxes paid in advance	57.437	45.132
Other non-financial assets	2.401	1.466
<b>Total non-current assets</b>	<b>604.062</b>	<b>622.103</b>

**Current assets**

Left-over stock	3.220	2.755
Commercial receivables	92.036	76.391
Other assets	40.047	38.971
Current financial assets	1.760	257
Cash and cash equivalents	16.060	40.282
<b>Total current assets</b>	<b>153.123</b>	<b>158.656</b>

**TOTAL ASSETS**
**757.185    780.759**
**LIABILITIES AND NET SHAREHOLDERS' EQUITY**
**Net Shareholders' Equity pertaining to the Group**

Share capital	60.749	60.749
Provisions	146.277	189.925
Earnings (loss) for the period	(24.718)	(40.324)
<b>Total Net Shareholders' Equity of the Group</b>	<b>182.308</b>	<b>210.350</b>

Net Shareholders' Equity of third parties i

**Total Net Shareholders' Equity    182.308    210.350**
**Non-current liabilities**

Employees everance indemnity	4.496	5.033
Non-current financial assets	357.596	281.207
Deferred taxes	47.126	45.168
Funds for future risks and costs	14.259	15.568
Various debts and other non-current liabilities	2.244	5.583

**Total non-current liabilities    425.721    352.559**
**Current liabilities**

Commercial debts i	33.787	27.589
Other liabilities	94.869	76.567
Current financial liabilities	11.300	37.944
Current quotas of long-term loans	9.200	75.750

**Total financial liabilities    20.500    113.694**
**Total current liabilities    149.156    217.850**
**TOTAL LIABILITIES AND NET SHAREHOLDERS' EQUITY**
**757.185    780.759**

**Consolidated cash flow statement**

<i>amounts expressed in thousands of euro</i>	<b>30.09.2012</b>	<b>30.09.2011</b>
<b>A. CASHFLOW FROM OPERATING BUSINESS</b>		
Earnings (loss) for the period of the Group	(24.718)	(17.215)
Earnings (loss) for the period pertaining to third parties	0	0
Amortization and depreciation	46.203	48.378
Net variation in assets (liabilities)for taxes paid in advance (deferred)	(9.086)	(4.677)
Variation in risks fund	(1.101)	6
(Capital gains) capital losses from the realization of non-current assets (including shareholdings)	230	(2)
Quota of results of shareholdings appraised using the net equity method (-)	(2.198)	27
Net variation in non-current commercial and miscellaneous assets and liabilities and other variations	(4.274)	(537)
Net variation in current commercial and miscellaneous assets and liabilities and other variations	7.314	(81.069)
Net variation in employee severance indemnity	(537)	(14)
<b>CASHFLOW GENERATED (ABSORBED) FROM OPERATING BUSINESS (A)</b>	<b>11.833</b>	<b>(55.103)</b>
<b>B. CASHFLOW FROM INVESTMENTS</b>		
Investments in tangible assets (-)	(11.820)	(3.826)
Investments in intangible assets (-)	(1.374)	(4.411)
Proceeds received from sale of tangible and intangible asset and other non-current assets	32	95
<b>CASHFLOW GENERATED (ABSORBED) BY INVESTMENT (B)</b>	<b>(13.162)</b>	<b>(8.142)</b>
<b>C. CASHFLOW FROM FINANCIAL ASSETS</b>		
Variation in financial receivables and other financial assets	(1.503)	6.327
Variation in financial liabilities	(33.061)	(39.602)
Repayment of loan for the purchase of the "concessions" business units	0	(228.000)
Opening/disbursement of the loan	12.000	354.750
Variation in deferred debts owed to PAS for the purchase of the "concessions" business units	(329)	(6.471)
<b>CASHFLOW GENERATED (ABSORBED) BY FINANCIAL ASSETS (C)</b>	<b>(22.893)</b>	<b>87.004</b>
<b>D. CASHFLOW FROM ASSETS THAT NO LONGER EXIST/ARE HELD FOR SALE (D)</b>		
<b>E. TOTAL CASHFLOW (A+B+C+D)</b>	<b>(24.222)</b>	<b>23.759</b>
<b>F. INITIAL NET FINANCIAL LIQUIDITY (INITIAL NET FINANCIAL INDEBTEDNESS)</b>	<b>40.282</b>	<b>11.926</b>
<b>G. NET EFFECT OF THE CONVERSION OF FOREIGN CURRENCIES ON LIQUIDITY</b>		
<b>H. FINAL NET FINANCIAL LIQUIDITY (FINAL NET FINANCIAL INDEBTEDNESS) (E+F+G)</b>	<b>16.060</b>	<b>35.685</b>

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

CASH AND CASH EQUIVALENTS NET OF SHORT-TERM FINANCIAL DEBTS AT THE BEGINNING OF THE PERIOD, DETAILED AS FOLLOWS:

Cash and cash equivalents	40.282	11.926
Bank overdrafts		
Terminated operating assets		
	<b>40.282</b>	<b>11.926</b>

CASH AND CASH EQUIVALENTS NET OF SHORT-TERM FINANCIAL DEBTS AT THE END OF THE PERIOD, DETAILED AS FOLLOWS

Cash and cash equivalents	16.060	35.685
Bank overdrafts		
Terminated operating assets		
	<b>16.060</b>	<b>35.685</b>