

Press Release

(pursuant to Art. 114 par. 5 of Legislative Decree 58/1998)

SNAI Group – Results as at 30 June 2014

Main consolidated economic and financial data

- Revenues of Euro 263.7 million, compared to Euro 253 in the first half of 2013
- EBITDA of Euro 54.8 million compared to Euro 49.1 in the first half of 2013
- Net financial position of Euro -423.3 million

Milan, 31 July 2014 – The Board of Directors of SNAI S.p.A, in its meeting which took place in Milan, under the chairmanship of Giorgio Sandi, approved the SNAI Group half-yearly financial report as at 30 June 2014, which reports revenue of Euro 263.7 million and EBITDA of Euro 54.8 million.

| Consolidated Comprehensive Income Statement | 1 st half-year | | Diff. % |
|--|----------------|---------------|-------------|
| | 2014 | 2013 | |
| Revenues | 263.7 | 253.0 | 4.2 |
| EBITDA | 54.8 | 49.1 | 11.6 |
| EBITDA Adj | 56.8 | 52.6 | 7.9 |
| EBIT | 23.3 | 18.1 | 29.1 |
| Before tax profit | (7.3) | (1.3) | >100 |
| Result pertaining to the Group | (7.0) | (4.3) | 63.2 |
| Basic/Diluted earnings/(loss) per share | (0.06) | (0.04) | 50.0 |

the figures are expressed in millions of Euro

The EBITDA corresponds to the "Earnings Before Interest, Tax, Depreciation and Amortisation" indicated in the comprehensive income statement, adjusted for non-recurring costs and revenues determined for operational purposes. The EBITDA Adj corresponds to the Current portion of the provision for doubtful debts. The EBIT refers to "Earnings before interest and taxes" indicated in the total income statement. EBITDA, EBITDA Adj and EBIT are considered alternative performance indicators, but are not measures defined on the basis of International Financial Reporting Standards ("IFRS") and may, therefore, fail to take into account the requisites imposed under IFRS in terms of determination, valuation and presentation. We are of the view that EBITDA, EBITDA Adj and EBIT are helpful to explain changes in operating performance and provide useful information on the capacity to manage indebtedness and are commonly used by analysts and investors in the gaming sector as performance indicators. EBITDA, EBITDA Adj and EBIT must not be considered alternative to cash flows as a measure of liquidity. As defined, EBITDA, EBITDA Adj EBITDA and EBIT may not be comparable with the same indicators used by other companies.

The Group revenues for the first quarter of 2014 increased by approximately 4.2%, from Euro 253 million in the first half of 2013 to Euro 263.7 million in the same period of 2014, mainly on account of the combined effect of the increase in the revenues deriving from the VLTs and the introduction of betting on virtual events, partially offset by the decrease in revenues from sports bets, horse racing bets and those deriving from AWP's.

The revenues from the VLTs increased on account of the expansion of the network installed. The plan for relocation to more performing premises is ongoing. The good performance was however lower than expectations due to the delay in the availability of the reduced pay out games and the updating of the VLT platforms requested by ADM.

The introduction of betting on virtual events at the end of December 2013 had a significant impact, generating during the period a direct collection of Euro 182.2 million and revenues of Euro 22.1 million.

The revenues from sports betting decreased compared to the same period in the previous year due to lower wagers as well as a slightly higher payout (78.3% as compared to 77.2% in the first half of 2013). The decrease in the revenues from AWP's is on the other hand attributable essentially to the lower number of devices following the exit from our network of a significant client who as from 20 March 2013 became a direct concession holder.



Group EBITDA gained +11.6% compared to the same period last year, increasing from Euro 49.1 million to Euro 54.8 million.

The non-recurring costs totalled Euro 1.7 million in the first half of 2014 as compared to Euro 4.9 million in the same period last year.

Group EBIT in the first half of 2014 was Euro 23.3 million as compared to Euro 18.1 million in the same period last year.

The Group profit before taxes for the first half of 2014 was Euro – 7.3 million as compared to Euro – 1.3 million in the same period last year. The lower result compared to last year is mainly due to the higher depreciation and amortisation expense and the higher burden represented by financial expenses.

The net loss for the Group in the first half of 2014 was Euro 7 million as compared to a loss of Euro 4.3 million in the first half of 2013.

Net financial indebtedness of the SNAI Group as at 30 June 2014 was Euro 423.3 million, as compared to Euro 443.4 million at the end of 2013. Compared to 31 December 2013, net financial indebtedness decreased by Euro 20.1 million. The decrease is mainly due to the good performance of ordinary operations and the benefits generated by the extended payment of the single tax for the first half of 2014.

The performance and development of the SNAI Group within the operating context.

As previously reported, the total revenues increased by 4.2% to reach Euro 263.7 million in the first half of 2014, as compared to Euro 253 million in the same period of 2013.

The revenues from Gaming Machines segment totalled Euro 130.7 million as compared to Euro 128.7 million in the first half of 2013 and include revenues from VLTs (Video Lotteries) and AWP (amusement with prize) machines. Within this segment there has been an increase compared to the same period in the previous year for VLTs, which is contrasted by a lower result for the AWP segment due to the already mentioned lower number of machines.

Particularly significant are the results of the bets on virtual events. In the first six months of 2014 the volume of the wagers was Euro 182.2 million, with net revenues of Euro 22.1 million.

In the first half of 2014, the volume of wagers on sports based games offered by the company amounted to Euro 403.2 million compared to Euro 424 million in the same period last year (- 4.9%). Of these, Euro 71.4 million (17.7% of the total) originated from the on-line channel. The net revenues of sport based games, including pool betting, amounted to Euro 71.1 million compared to Euro 79.6 million in the same period of 2013, both on account of the slightly higher payout (78.3% compared to 77.2% in the same period of 2013) and the lower volume of wagers, despite the good performance connected to bets relating to football world cup. The decrease is mainly due to the significant amount, at a global level, of the number of new betting shops operating in the country following the awarding of new concessions in 2013, as well as the aggressive competition of the CTDs.

The horse racing bets including the National Horse Racing as at 30 June 2014 totalled wagers of Euro 135.2 million, down compared to the Euro 182.6 million in the same period last year (-26%). The relative revenues decreased by Euro 3.2 million and as at 30 June 2014 they reached Euro 12.3 million compared to Euro 15.5 million in the corresponding period of 2013.

Finally, in the first six months of 2014, there was a drop in revenues from the on line skill and casino games segment with revenues of Euro 10.5 million compared to Euro 13.3 million in the same period of 2013.

Merger by incorporation of “Festa S.r.l.” held by sole shareholder and “Immobiliare Valcarenga S.r.l.” held by sole shareholder into SNAI S.p.A.

Following the press release published on 1 July 2014 on the Company's web site, the website of Borsa Italiana S.p.A. and the "Info" authorized storage device, SNAI hereby announces that today, the Company's Board of Directors has approved, pursuant to article 15 of the Articles of Association, the merger by incorporation of “Festa S.r.l.” held by sole shareholder and “Immobiliare Valcarenga S.r.l.” held by a sole shareholder, into SNAI S.p.A., following the approval of said transaction by shareholders' meeting of the incorporated companies.



The merger benefits from exemption from the application of SNAI's procedure for transactions with related parties insofar as transactions with subsidiaries.

Milan, 31 July 2014

The director in charge to the preparation of the corporate accounting documents, Marco Codella, declares, pursuant to paragraph 2 Art. 154-bis of the Finance Act, that the accounting information contained in this press release corresponds to documented results, the bookkeeping and accounting records.

External relations and press office

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All press releases issued by SNAI S.p.A. pursuant to article 114 of Legislative Decree no. 58 of 24 February 1998 and the relative implementation regulations are also available on the company's web site, www.snai.it.



Pursuant to the requirements of Consob communication ref. 10084105 of 13 October 2010, we present below the information concerning the SNAI companies and Group.

a) Net financial position of the Company and SNAI Group

| | SNAI GROUP: | | SNAI SPA | |
|--|------------------|------------------|------------------|------------------|
| | 30.06.2014 | 31.12.2013 | 30.06.2014 | 31.12.2013 |
| a) Liquidity | 63,573 | 45,500 | 60,200 | 43,861 |
| b) Current financial receivables | 0 | 6 | 6,552 | 7,754 |
| c) Current bank debts | (38) | (40) | (38) | (40) |
| d) Current portion of long term indebtedness | (19,095) | 0 | (19,095) | 0 |
| e) Current financial payables | (4,054) | (7,467) | (5,777) | (8,423) |
| Net current financial indebtedness | 40,386 | 37,999 | 41,842 | 43,152 |
| f) Non-current bank debts | 0 | 0 | 0 | 0 |
| g) Bonds issued | (462,166) | (479,214) | (462,166) | (479,214) |
| f) Other non-current financial credits/debts | (1,569) | (2,174) | (1,569) | (2,174) |
| Total net financial indebtedness | (423,349) | (443,389) | (421,893) | (438,236) |

the figures are expressed in thousands of Euro

b) Overdue accounts payable of the SNAI Group

| Current liabilities | Balance as of 30.06.2014 | of which due on 30.06.2014 |
|--------------------------------|--------------------------|----------------------------|
| Financial payables | 23,187 | - |
| Trade payables | 30,276 | 7,044 |
| Tax payables | 26,384 | - |
| Payables to soc. sec. entities | 2,389 | - |
| Other payables | 71,393 | - |
| | 153,629 | 7,044 |

the figures are expressed in thousands of Euro

The amounts due as of 30 June 2014, equal to Euro 7,044 thousand, related to the normal transactions with suppliers of services and materials; these amounts have been mostly paid after 30 June 2014. In certain cases, a new due date has been set. To the present date, no supplier has taken any initiatives in response.

c) Related Parties

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

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

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

Such transactions are considered to be in the interest of the Group, are part of the ordinary course of business and are subject to the terms and conditions of the market.

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

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

| thousands of Euro | 30.06.2014 | % Impact | 31.12.2013 | % Impact |
|---|------------|--------------|--------------|--------------|
| Trade receivables: | | | | |
| - from Global Games S.p.A. | - | 0.00% | 6 | 0.01% |
| | - | 0.00% | 6 | 0.01% |
| Other current receivables: | | | | |
| - from Alfea | - | 0.00% | 1 | 0.00% |
| | - | 0.00% | 1 | 0.00% |
| Total Assets | - | 0.00% | 7 | 0.00% |
| Trade payables: | | | | |
| - to Companies related to directors of SNAI S.p.A. | - | 0.00% | 764 | 2.04% |
| - to Tivu + S.p.A. in liquidation | 43 | 0.14% | 43 | 0.11% |
| - to Connex S.r.l. | 189 | 0.62% | 201 | 0.54% |
| | 232 | 0.76% | 1,008 | 2.69% |
| Other current liabilities: | | | | |
| - to Companies related to directors of SNAI S.p.A. | - | 0.00% | 21 | 0.02% |
| - to Companies related to shareholders of SNAI S.p.A. | - | 0.00% | 45 | 0.05% |
| - to managers of Teleippica S.r.l. | - | 0.00% | 2 | 0.00% |
| - to Global Games S.p.A. | 3 | 0.00% | 6 | 0.01% |
| | 3 | 0.00% | 74 | 0.08% |
| Total Liabilities | 235 | 0.03% | 1,082 | 0.16% |

The assets are stated net of the related provision.

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

1st half-year 2014

| thousands of Euro | 1st half-year 2014 | % Impact | 1st half-year 2013 | % Impact |
|--|--------------------|--------------|--------------------|--------------|
| Income from services and chargebacks: | | | | |
| - from Companies related to directors of SNAI S.p.A. | 0 | 0.00% | 30 | 0.01% |
| | 0 | 0.00% | 30 | 0.01% |
| Other income | | | | |
| - from Companies related to directors of SNAI S.p.A. | 1 | 0.25% | 0 | 0.00% |
| - from Global Games S.p.A. | 3 | 0.76% | 3 | 0.45% |
| | 4 | 1.01% | 3 | 0.45% |
| Total income | 4 | 0.00% | 33 | 0.01% |

Costs for raw materials and consumables used

| | | | | |
|----------------------|----------|--------------|----------|--------------|
| - from Connex S.r.l. | 0 | 0.00% | 3 | 0.35% |
| | 0 | 0.00% | 3 | 0.35% |

Costs of services and chargebacks:

| | | | | |
|--|------------|--------------|------------|--------------|
| - from Companies related to directors of SNAI S.p.A. | 2 | 0.00% | 184 | 0.11% |
| - from Companies related to shareholders of SNAI S.p.A. | 0 | 0.00% | 2 | 0.00% |
| - from Companies related to directors of Teleippica S.r.l. | 41 | 0.02% | 14 | 0.01% |
| - from Connex S.r.l. | 300 | 0.17% | 316 | 0.19% |
| | 343 | 0.19% | 516 | 0.31% |

Other operating costs:

| | | | | |
|--|----------|--------------|----------|--------------|
| - from Companies related to directors of SNAI S.p.A. | 6 | 0.04% | 6 | 0.03% |
| - from Connex S.r.l. | 2 | 0.01% | 3 | 0.02% |
| | 8 | 0.05% | 9 | 0.05% |

| | | | | |
|--------------------|------------|--------------|------------|--------------|
| Total costs | 351 | 0.18% | 528 | 0.28% |
|--------------------|------------|--------------|------------|--------------|

QII 2014

| thousands of Euro | QII 2014 | % Impact | QII 2013 | % Impact |
|--|------------|--------------|------------|--------------|
| Income from services and chargebacks: | | | | |
| - from Companies related to directors of SNAI S.p.A. | - | 0.00% | 1 | 0.00% |
| | - | 0.00% | 1 | 0.00% |
| Other income | | | | |
| - from Companies related to directors of SNAI S.p.A. | 1 | 0.48% | - | 0.00% |
| - from Global Games S.p.A. | 2 | 0.95% | 2 | 0.55% |
| | 3 | 1.43% | 2 | 0.55% |
| Total income | 3 | 0.00% | 3 | 0.00% |
| Costs of services and chargebacks: | | | | |
| - from Companies related to directors of SNAI S.p.A. | 1 | 0.00% | 177 | 0.22% |
| - from Companies related to shareholders of SNAI S.p.A. | - | 0.00% | 1 | 0.00% |
| - from Companies related to directors of Teleippica S.r.l. | 21 | 0.02% | 14 | 0.02% |
| - from Connex S.r.l. | 150 | 0.17% | 172 | 0.22% |
| | 172 | 0.19% | 364 | 0.46% |
| Other operating costs: | | | | |
| - from Companies related to directors of SNAI S.p.A. | 3 | 0.06% | 3 | 0.03% |
| - from Connex S.r.l. | 1 | 0.02% | - | 0.00% |
| | 4 | 0.08% | 3 | 0.03% |
| Total costs | 176 | 0.19% | 367 | 0.41% |

Income from services and chargebacks and other income have a 0.01% effect before amortisation, depreciation, write-downs, interest and taxes in the first half of 2014 (0.07% in the first half of 2013), while total income has an effect on the Profit (Loss) of the first quarter of 2014 of 0.06% (0.77% in the first half of 2013).

The costs for raw materials and consumables, the costs for services and chargebacks and other operating costs represented 0.66% of the operating income before amortisation, depreciation, write-downs, interest and taxes in the first half of 2014 (1.19% in the first half of 2013), while total costs are 5.03% of Profit (loss) of the first half of 2014 (12.36% in the first half of 2013).

Parent company SNAI S.p.A.

The following table sets forth a summary of dealings between the parent company SNAI S.p.A. and related parties.

| thousands of Euro | 30.06.2014 | 31.12.2013 |
|--|--------------|---------------|
| Trade receivables: | | |
| - from Global Games S.p.A. | - | 6 |
| - from Società Trenno S.r.l. | 424 | 673 |
| - from Festa S.r.l. | 14 | 19 |
| - from Immobiliare Valcarenga S.r.l. | 3 | 4 |
| - from Teleippica S.r.l. | 119 | 116 |
| Total Trade receivables | 560 | 818 |
| Other current receivables: | | |
| - from Società Trenno S.r.l. | 56 | 96 |
| - from Festa S.r.l. | 896 | 710 |
| - from Immobiliare Valcarenga S.r.l. | 82 | 82 |
| - from Teleippica S.r.l. | 1,367 | 1,460 |
| - from Alfea S.p.A. | - | 1 |
| Total other current assets | 2,401 | 2,349 |
| Financial receivables: | | |
| - from Società Trenno S.r.l. | 2,183 | 5,190 |
| - from Teleippica S.r.l. | 4,369 | 2,558 |
| Total financial receivables | 6,552 | 7,748 |
| Total Assets | 9,513 | 10,915 |
| Trade payables: | | |
| - from companies related to shareholders and directors | - | 764 |
| - from Società Trenno S.r.l. | 142 | 143 |
| - from Festa S.r.l. | 623 | 522 |
| - from Teleippica S.r.l. | 336 | 340 |
| - from Connex S.r.l. | 183 | 183 |
| - from Tivu + S.p.A. in liquidation | 43 | 43 |
| Total trade payables | 1,327 | 1,995 |
| Other current liabilities | | |
| - to companies related to shareholders and directors | - | 21 |
| - to Global Games S.p.A. | 3 | 6 |
| - to Società Trenno S.r.l. | 5,204 | 4,762 |
| - to Festa S.r.l. | 550 | 551 |

| | | |
|--|--------------|--------------|
| - to Immobiliare Valcarenga S.r.l. | 1 | 1 |
| - to Teleippica S.r.l. | | 6 |
| - to companies related to shareholders | - | 45 |
| Total Other Current liabilities | 5,758 | 5,392 |

Current financial payables:

| | | |
|---|--------------|--------------|
| - to Festa S.r.l. | 1,480 | 730 |
| - to Immobiliare Valcarenga S.r.l. | 248 | 245 |
| Total current financial payables | 1,728 | 975 |
| Total Liabilities | 8,813 | 8,362 |

The assets are stated net of the related provision.

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

| thousands of Euro | 1st half-year 2014 | 1st half-year 2013 |
|--|-----------------------|-----------------------|
| Income from services and chargebacks: | | |
| - from Società Trenno S.r.l. | 114 | 1,211 |
| Total income from services and chargebacks | 114 | 1,211 |
| Other income | | |
| - from companies related to shareholders and directors | 1 | - |
| - from Global Games S.p.A. | 3 | 3 |
| - from Società Trenno S.r.l. | 171 | 486 |
| - from Festa S.r.l. | 62 | 56 |
| - from Immobiliare Valcarenga S.r.l. | 6 | 6 |
| - from Teleippica S.r.l. | 252 | 230 |
| Total other income | 495 | 781 |
| Interest income: | | |
| - from Società Trenno S.r.l. | 180 | 151 |
| - from Teleippica S.r.l. | 140 | 72 |
| Total interest income | 320 | 223 |
| Total income | 929 | 2,215 |
| Costs of services and chargebacks: | | |
| - from companies related to shareholders and directors | 2 | 176 |
| - from Società Trenno S.r.l. | 200 | 195 |
| - from Festa S.r.l. | 2,847 | 2,700 |
| - from Teleippica S.r.l. | 1,511 | 1,141 |
| - from Connex S.r.l. | 300 | 316 |
| - from companies related to shareholders | - | 2 |
| Total costs of services and chargebacks | 4,860 | 4,530 |
| Costs of personnel | | |
| - from Società Trenno S.r.l. | - | 44 |
| - from Festa S.r.l. | 15 | 48 |
| - from Teleippica S.r.l. | - | 16 |
| Total Personnel Costs | 15 | 108 |

Other operating costs

| | | |
|--|----------|-----------|
| - from companies related to shareholders and directors | 6 | 6 |
| - from Connex S.r.l. | - | 3 |
| - from Società Trenno S.r.l. | 2 | 2 |
| Total other operating costs | 8 | 11 |

Interest expenses and fees

| | | |
|---|--------------|--------------|
| Interest expense to Festa S.r.l. | 43 | 57 |
| Interest expense to Immobiliare Valcarenga S.r.l. | 8 | 6 |
| Total interest expense and fees | 51 | 63 |
| Total costs | 4,934 | 4,712 |

d) The progress of the debt restructuring plan and the Group development plans

The Group brought forward a net loss of Euro 7 million and shareholders' equity totals Euro 66.4 million. Net financial indebtedness of Euro 423.3 million by year-end and is mainly composed of bond loans issued and subscribed on 4 December 2013, with which, in the same month, the already existing bank loan was redeemed in advance.

The Directors report that the results of the half year, in terms of the result before amortization, depreciation, write-downs, financial income/expenses and taxes are essentially in line with the same period in the previous year, as expected. The differences over business performance outlook are attributable to some major factors: i) the new bets on virtual events were accepted well by customers; ii) the revenues from sports bets were lower than expected, due to the lower wagers and mitigated by a better payout, which reached 78.3%; iii) the revenues and margins generated by the ADI segment were lower the performance of the skill games, in which there was a delay in introducing games with reduced payouts; iv) the performance of the skill games, which was below expectations in terms of revenues.

The Directors prepared a strategic plan for 2014-2016 fiscal years (the "2014-2016 Plan" or the "Plan"). This Plan foresees that, at the end of the three-year period, there will be a relevant growth in revenues and margins and positive economic results will be achieved, together with a Shareholders' Equity substantially unchanged with respect to the current one, an adequate production of operating cash flows able to finance the investments necessary for the business development and to cover financial expenses generated by indebtedness. In light of current forecasts, however, the Group is not likely to generate the necessary resources to entirely refund bond loans in 2018.

The Plan therefore defines a positive path towards the achievement of an economic and financial balance. Some uncertainties are however still present in relation to: (1) the actual achievement of operating and economic-financial results substantially consistent with expected growth in revenues and margins in the various business segments. These results are however necessary to maintain the Group's Shareholders' Equity, (2) the Group's ability to repay or renegotiate the outstanding bond loans upon maturity and, more generally, (3) the uncertainty connected with the realization of future events and the characteristics of the reference market which might negatively affect the actual implementation of the Plan,

and therefore the achievement of results and future cash flows on which the main assessments made to prepare these financial statements are based.

In order to mitigate these uncertainties, the Group has implemented a series of initiatives which will lead to benefit, among other, from the full and positive effect of the completed installation of 5,052 VLT rights, for which more than 1,000 terminals in better performing locations.

A further benefit deriving from the positive effects of the gaming wagers through the Virtual Events which, in the first period from their launching, raised strong interest in bettors with good wagers.

Lastly, the payout on sports bets will be more easily managed thanks to the combined effects of the new management agreement which better aligns SNAI's interests with the Operators' ones, as well as of the improved automatic controls on the betting acceptance system. Upon the positive achievement of the Plan objectives, Directors deem that the Group will be able to come up with the necessary resources to refund and/or replace the existing debts.

Directors therefore deem that the objectives set out in the Plan are reasonable and that the Group will be able to overcome the uncertainties acknowledged.

On the basis of all of the foregoing 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.



e) Financial covenants

Like in other similar loans, outstanding Loan Agreements (revolving credit line and bond loans) envisage a number of obligations for the Group.

The above-mentioned agreements provide that the Company undertakes commitments aimed at safeguarding the credit position of financing entities. Amongst these provisions are the prohibition to distribute dividends before the due term of "Facility B" bonds and subsequent restrictions until expiration of other bond loans, as well as restrictions on the advanced redemption of bonds, in undertaking financial indebtedness and in making specific investments and providing for the disposal of corporate assets and properties. Events of default are also envisaged which might involve the requirement of an advanced redemption.

SNAI S.p.A. has also undertaken to comply with financial parameters under agreements signed with Unicredit S.p.A., Banca IMI S.p.A and Deutsche Bank S.p.A. relating to a Senior Revolving loan for a total amount of Euro 30 million.

We refer in particular to the minimum "Consolidated Pro-Forma Ebitda" which is defined in the loan contract and indicates the consolidated result before interest, taxation, amortisation, depreciation and all extraordinary and non-recurring items, adjusted with the effect generated by full roll out of VLT machines (run-rate). This update is valid until 31 December 2014.

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

It is noted that, as of 30 June 2014, the Group was compliant with commitments and covenants.

f) The status of the business plan progress

The 2014-2016 Business Plan approved by the Board of Directors in its meeting of 20 March 2014, is based on:

- focus on profit margins through more control over the payouts on sports bets to maximize contractual benefits;
- improved balance throughout the network territory to increase market share in significant areas;
- long-term interventions promoting loyalty in Points of Sale with a high market share;
- full exploitation of the potential of the Virtual Events, to support, among other things, expansion of the distribution network;
- growth of the Remote Gaming segment including through commercial agreements with significant sector players;
- **enhancement and requalification of the ADI area in the shops in the arcade;**
- **development of services dedicated to partners (training, dedicated web site) and actions aimed at loyalisation;**
- launch of services to citizens to maximize opportunities for the distribution network;
- new focus on the horse racing activity including through Expo 2015 & Finale Trotting World Master 2015.

In its meeting of 20 March 2014, the Board of Directors approved the 2014/2016 Business Plan which is focused on development and growth for the Group as listed above and which, once achieved, will contribute to reaching an maintaining economic and financial equilibrium and will make available the necessary resources for development of the business.

In the initial six months of 2014, the performance of the EBITDA was better than in the same period of the previous year, and above expectations. The differences over business performance outlook are attributable to some major factors: i) the excellent results of the new bets on virtual events; ii) the revenues from sports bets were lower than expected, due to the lower wagers and mitigated by a better payout, which reached 78.3%; iii) the revenues and margins generated by the ADI segment were lower the performance of the skill games, in which there was a delay in introducing games with reduced payouts; iv) the performance of the skill games, which was below expectations in terms of revenues.

Annexes

- **SNAI Group**
Consolidated Comprehensive Income Statement 1st half of 2014
Consolidated Balance Sheet and income statement as at 30 June 2014
Consolidated Cash Flow Statement 30 June 2014

SNAI Group - Total consolidated income statement

| amounts in thousands of Euro | 1 st half-year | |
|---|-----------------|-----------------|
| | 2014 | 2013 |
| Revenues from sales and services | 263,298 | 252,300 |
| Other revenue and income | 393 | 672 |
| Change in inventory of finished and semi-finished products | 0 | 1 |
| Raw materials and consumables | (636) | (868) |
| Costs for services and use of third party assets | (178,589) | (169,467) |
| Costs of personnel | (18,353) | (19,149) |
| Other operating costs | (13,486) | (19,730) |
| Capitalised internal construction costs | 450 | 474 |
| Profit/(loss) before amortisation, depreciation, write-downs, financial income and expenses, taxes | 53,077 | 44,233 |
| Amortisation and depreciation | (29,302) | (25,869) |
| Other provisions | (448) | (292) |
| Profit/(loss) before financial income/expenses, taxes | 23,327 | 18,072 |
| Gains and expenses from shareholdings | (444) | (118) |
| Financial income | 758 | 739 |
| Financial expenses | (30,937) | (19,966) |
| Total financial income and expenses | (30,623) | (19,345) |
| PROFIT/(LOSS) BEFORE TAXES | (7,296) | (1,273) |
| Income tax | 324 | (2,998) |
| Profit/(Loss) for the year | (6,972) | (4,271) |
| Total other comprehensive income which will not be restated under profit/(loss) for the period after taxes | | |
| Net (loss)/profit from derivatives as cash flow hedges | 1.062 | 2.491 |
| Total other comprehensive income which will be restated under profit/(loss) for the period after taxes | 1.062 | 2.491 |
| Total profit/(loss) in comprehensive income statement, after taxes | 1,062 | 2,491 |
| Total profit/(Loss) for the period | (5,910) | (1,780) |
| <i>Attributable to:</i> | | |
| Profit (loss) for the period pertaining to the Group | (6,972) | (4,271) |
| Profit (loss) for the period pertaining to Third Parties | 0 | 0 |
| Profit (loss) for the period pertaining to the Group | (5,910) | (1,780) |
| Total profit (loss) for the period pertaining to Third Parties | 0 | 0 |
| Basic earning (loss) per share in Euro | (0.06) | (0.04) |
| Diluted earning (loss) per share in Euro | (0.06) | (0.04) |

SNAI Group - Consolidated balance sheet and financial position

| amounts in thousands of Euro | 30.06.2014 | 31.12.2013 |
|---|----------------|----------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment owned | 139.271 | 143.378 |
| Assets held under financial lease | 7.374 | 9.405 |
| Total property, plant and equipment | 146.645 | 152.783 |
| Goodwill | 231.531 | 231.531 |
| Other intangible assets | 117.456 | 135.292 |
| Total intangible assets | 348.987 | 366.823 |
| Shareholdings measured using the equity method | 2.422 | 2.866 |
| Shareholdings in other companies | 46 | 46 |
| Total shareholdings | 2.468 | 2.912 |
| Deferred tax assets | 78.088 | 75.086 |
| Other non-financial assets | 2.250 | 2.413 |
| Financial Assets | 476 | 0 |
| Total non-current assets | 578.914 | 600.017 |
| Current assets | | |
| Inventories | 694 | 1.329 |
| Trade receivables | 79.446 | 75.604 |
| Other assets | 19.166 | 26.687 |
| Current financial assets | 19.453 | 19.414 |
| Cash and cash equivalents | 63.572 | 45.499 |
| Total current assets | 182.331 | 168.533 |
| TOTAL ASSETS | 761.245 | 768.550 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | |
| Shareholders' equity pertaining to the Group | | |
| Share capital | 60.749 | 60.749 |
| Reserves | 12.660 | 106.128 |
| Profit/(Loss) for the year | (6.972) | (94.530) |
| Total Shareholders' Equity pertaining to the Group | 66.437 | 72.347 |
| Shareholders' Equity pertaining to minority interests | | |
| Total Shareholders' Equity | 66.437 | 72.347 |
| Non-current liabilities | | |
| Post-employment benefits | 4.300 | 4.387 |
| Non-current financial liabilities | 463.735 | 481.388 |
| Deferred tax liabilities | 55.501 | 53.675 |
| Provisions for risks and charges | 12.765 | 16.617 |
| Sundry payables and other non-current liabilities | 2.816 | 3.623 |
| Total non-current liabilities | 539.117 | 559.690 |
| Current liabilities | | |
| Trade payables | 30.276 | 37.539 |
| Other liabilities | 102.228 | 91.467 |
| Current financial liabilities | 4.092 | 7.507 |
| Current portion of long-term borrowings | 19.095 | 0 |
| Total financial liabilities | 23.187 | 7.507 |
| Total current liabilities | 155.691 | 136.513 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 761.245 | 768.550 |

SNAI Group - Consolidated Cash Flow Statement

| | amounts in thousands of Euro | 30.06.2014 | 30.06.2013 |
|---|------------------------------|----------------|-----------------|
| A. CASH FLOW FROM OPERATIONS | | | |
| Profit (loss) for the year pertaining to the Group | | (6.972) | (4.271) |
| Profit (loss) for the year pertaining to Third Parties | | 0 | 0 |
| Amortisation and depreciation | | 29.302 | 25.869 |
| Net change in assets (liabilities) for deferred tax assets (deferred tax liabilities) | | (1.578) | 1.484 |
| Change in provision for risks | | (3.852) | (8.448) |
| (Capital gains) capital losses from non-current assets (including shareholdings) | | 909 | 61 |
| Portion of earnings pertaining to shareholdings measured using the equity method (-) | | 444 | 118 |
| Net change in sundry non-current trade assets and liabilities and other changes | | (644) | (737) |
| Net change in current trade assets and liabilities and other changes | | 7.812 | 28.038 |
| Net change in post-employment benefits | | (87) | (552) |
| CASH FLOW FROM (USED IN) FROM OPERATIONS (A) | | 25.334 | 41.562 |
| B. CASH FLOW FROM INVESTMENT ACTIVITIES | | | |
| Investments in property, plant and equipment (-) | | (4.059) | (10.546) |
| Investments in intangible assets (-) | | (2.212) | (1.822) |
| Proceeds from the sale of tangible, intangible and other non-current assets | | 34 | 24 |
| CASH FLOW FROM (USED IN) INVESTING ACTIVITIES (B) | | (6.237) | (12.344) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Change in financial receivables and other financial assets | | (515) | (9.864) |
| Change in financial liabilities | | (509) | (4.403) |
| Repayment of financing | | 0 | (4.600) |
| Opening/disbursement of loans | | 0 | 9.000 |
| Changes in debts to betting agencies deferred through purchase of "concession" business units | | 0 | (113) |
| CASH FLOW FROM (USED IN) FINANCING ACTIVITIES (C) | | (1.024) | (9.980) |
| D. CASH FLOWS FROM DISCONTINUED ASSETS /ASSETS HELD FOR SALE (D) | | | |
| E. TOTAL CASH FLOW (A+B+C+D) | | | |
| | | 18.073 | 19.238 |
| F. INITIAL NET FINANCIAL LIQUIDITY (INITIAL NET FINANCIAL INDEBTEDNESS) | | | |
| | | 45.499 | 11.010 |
| G. NET EFFECT OF THE CONVERSION OF FOREIGN CURRENCIES ON LIQUIDITY | | | |
| H. FINAL NET FINANCIAL LIQUIDITY (FINAL NET FINANCIAL INDEBTEDNESS) (E+F+G) | | | |
| | | 63.572 | 30.248 |

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

CASH AND CASH EQUIVALENTS AFTER DEDUCTING SHORT-TERM FINANCIAL PAYABLES
AT THE END OF THE PERIOD, ANALYSED AS FOLLOWS:

| | | |
|---------------------------|---------------|---------------|
| Cash and cash equivalents | 45.499 | 11.010 |
| Bank overdrafts | | |
| Discontinued operations | | |
| | 45.499 | 11.010 |

CASH AND CASH EQUIVALENTS LESS SHORT-TERM FINANCIAL PAYABLES
AT THE END OF THE PERIOD, ANALYSED AS FOLLOWS:

| | | |
|---------------------------|---------------|---------------|
| Cash and cash equivalents | 63.572 | 30.248 |
| Bank overdrafts | | |
| Discontinued operations | | |
| | 63.572 | 30.248 |