



# **INTERIM MANAGEMENT REPORT AS AT 31 March 2015**

*Milan, 05 May 2015*

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

## Table of contents

### Interim Management Report as at 31 March 2015

◆ Corporate Bodies and Auditing Firm of SNAI S.p.A.	Page 3
◆ Comment on the main KPIs for the period	Page 4
◆ Remarks of the Board of Directors on the performance of operations, business outlook and progress of the business plan	Page 6
Remarks on the game and bets performance for the period up as at 31 March 2015	Page 6
Business outlook	Page 6
Progress of the business plan	Page 6
◆ Material events in the first quarter	Page 7
Barcrest transaction	Page 7
Stability Law	Page 7
Resignation of a member of the Board of Directors	Page 7
New developments of the matter related to the operator SIS S.r.l. in liquidation	Page 7
◆ Events occurred after the period	Page 7
◆ SNAI Group – Condensed interim consolidated financial statements as at 31 March 2015	Page 8
Consolidated Comprehensive Income Statement of the first quarter of 2015	Page 9
Consolidated Balance Sheet as at 31 March 2015	Page 10
Statement of Changes in Consolidated Shareholders' Equity as at 31 March 2015	Page 11
Consolidated Cash Flow Statement	Page 12
Explanatory Notes to the condensed interim consolidated financial statements	Page 13
Relevant accounting standards	Page 13
Agreements for services licensed	Page 15
Operating segments	Page 16
Notes on the main items of the consolidated comprehensive income statement	Page 18
Notes to the main items of the consolidated balance sheet	Page 25
Schedule 1: Composition of the SNAI Group as at 31 March 2015	Page 58

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

**Board of Directors**

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

*Chairman and Managing Director*

**Giorgio Sandi**

*Directors*

**Stefano Campoccia \*/\*\*\***

**Mara Caverni \*/\*\*\***

**Giorgio Drago**

**Nicola Iorio**

**Enrico Orsenigo**

**Massimo Perona**

**Roberto Ruozi \*\***

**Mauro Pisapia**

**Barbara Poggiali \*\***

**Chiara Palmieri**

**Tommaso Colzi**

**Marcello Agnoli \*\*\*\***

**Stefania Rossini\*\*\*\*\***

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

**Board of Statutory Auditors**

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

*Chairman  
Standing Auditors*

**MariaTeresa Salerno**

**Massimo Gallina**

**Maurizio Maffei**

**Auditing Firm**

(Mandate granted by the Shareholders' Meeting held on 15 May 2007 for a term of 9 years)

**Reconta Ernst & Young S.p.A.**

\* Members of the Control and Risk Committee chaired by Stefano Campoccia.

\*\* Members of the Compensation Committee.

\*\*\* Members of the Related Parties Committee.

\*\*\*\* Co-opted on 13 October 2014 by the Board of Directors to replace the resigning Gabriele Del Torchio. Appointed by the Shareholders' Meeting held on 28 April 2015 until the Shareholders' Meeting called to approve the Financial Statements as at 31 December 2015.

\*\*\*\*\* Appointed by the Shareholders' Meeting held on 28 April 2015 until the Shareholders' Meeting called to approve the Financial Statements as at 31 December 2015.

N.B: on 23 March 2015, Mr. Sergio Ungaro resigned from his office of member of the Board of Directors.

## Comment on the main KPIs for the period

Total revenues for the Group increased by around 9.6%, from Euro 142.4 million in the first quarter 2014 to Euro 156.1 million in the first quarter 2015. Revenues from sales and services amounted to Euro 128.5 million, compared to Euro 142.3 million in the first quarter of 2014, down by 9.7%, mainly related to the combined effect of the increase in revenues from AWP's and VLT's, against the decrease in revenues in the other Business lines. Revenues of sports bets decreased, compared to the first quarter of the previous year, mostly due to a very high payout (which was 82.4% vs. 74.3% in the first quarter of 2014 thus comparing one of the best performance ever to one quite unfavourable for the bookmaker in Q1 2015, but in any case better than market average) and to lower wagers due to some problems related to the distribution network that brought to the closure of some POS.

Other revenue and income increased from Euro 0.2 million in 2014 to Euro 27.7 million in 2015, up by Euro 27.5 million due to the amicable settlement of the dispute between SNAI on the one side, and Barcrest Group Limited, The Global Draw Limited and their parent company Scientific Games Corporation on the other side.

Revenues from AWP's increased due to the higher number of operating gaming machines and a higher average coin-in, while for VLT's, the reported increase is mainly due to the decreased payout of games (-1.1% compared to the same period of the previous year), as well as the reallocation and upgrading of gaming terminals implemented during last year and continued in the quarter.

Bets on virtual events generated wagers of Euro 68.1 million and revenues of Euro 9.1 million, compared to wagers of Euro 92.6 million and revenue of Euro 11.8 million in the same period of last year. This segment is not yet benefiting of the increase in number of events available per day, pending the authorization from ADM

EBITDA for the Group in the first quarter of 2015 amounted to Euro 20.2 million as compared to Euro 36.4 million in the first quarter of 2014, down by 44.5%.

In the first quarter of 2015, non-recurring net revenue amounted to Euro 26.1 million, against costs totalling Euro 1.2 million incurred in the same period of the previous year. It is worth noting that non-recurring revenues, amounting to Euro 27.5 million, were related to the above-mentioned transaction.

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

- **KPIs**

<i>amounts in thousands of Euro</i>	<i>1st Quarter</i>		<i>Change</i>	
	<i>2015</i>	<i>2014</i>	<i>€</i>	<i>%</i>
Revenues	156,123	142,438	13,685	9.6
EBITDA	20,223	36,445	(16,222)	(44.5)
EBITDA Adj	21,275	37,486	(16,211)	(43.2)
EBIT	32,114	20,046	12,068	60.2
Profit/(loss) before taxes	18,308	5,168	13,140	>100
Net profit (loss)	11,436	2,203	9,233	>100
Diluted earnings/(loss) per share	0.10	0.02	0.08	>100

EBITDA was influenced by the following non-recurring revenues and costs incurred for operating purposes (Note 37 shows the non-recurring revenues and costs as envisaged under Consob Resolution No. 15519 of 27.07.2006):

<b>Non-recurring revenues and costs</b>	
<i>thousands of Euro</i>	<b>1st Quarter of 2015</b>
<b>Non-recurring revenues and costs</b>	
Active transactions	(27,457)
Costs relate to transactions	1,030
Costs related to non-recurring consultancies	255
Administrative Sanctions for PREU	27
Leaving incentives	50
<b>Impact on EBITDA</b>	<b>(26,095)</b>

Group EBIT in the first quarter of 2015 was Euro 32.1 million as compared to Euro 20 million in the first quarter last year.

The Group's result before taxes for the first quarter of 2015 was Euro 18.3 million as compared to Euro 5.2 million in the first quarter last year.

The net earnings for the Group in the first quarter of 2015 amounted to Euro 11.4 million as compared to Euro 2.2 million in the first quarter of 2014.

The net financial indebtedness of the SNAI Group as at 31 March 2015 was equal to Euro 405.1 million, as compared to Euro 419.1 million at the end of 2014. The decrease of Euro 14 million is mainly due to the positive contribution deriving from the aforesaid transaction, partially counterbalanced by the unfavourable performance of ordinary operations in the relevant quarter.

- **EBITDA, EBITDA Adj and EBIT**

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

The EBIT refers to "Earnings before interest and taxes" indicated in the Comprehensive Income Statement.

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

<b>EBITDA</b>				
<i>amounts in thousands of Euro</i>	<i>Ist Quarter</i>		<i>Change</i>	
	<i>2015</i>	<i>2014</i>	<i>€</i>	<i>%</i>
EBIT	32,114	20,046	12,068	60.2
+ Depreciation of property, plant and equipment	4,218	4,613	(395)	(8.6)
+ Amortisation of intangible fixed assets	9,986	10,107	(121)	(1.2)
+ Net losses of value	0	90	(90)	(100.0)
+ Other allocations	0	424	(424)	(100.0)
<b>Earnings before interest, tax, depreciation and amortisation</b>	<b>46,318</b>	<b>35,280</b>	<b>11,038</b>	<b>31.3</b>
+ Non-recurring costs and revenues	(26,095)	1,165	(27,260)	>100
<b>EBITDA</b>	<b>20,223</b>	<b>36,445</b>	<b>(16,222)</b>	<b>(44.5)</b>
	1,052	1,041	11	1.1
+ Current portion of the provision for doubtful debts				
<b>EBITDA Adj</b>	<b>21,275</b>	<b>37,486</b>	<b>(16,211)</b>	<b>(43.2)</b>

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

<b>Profit/(loss) before taxes</b>				
<i>amounts in thousands of Euro</i>	<i>Ist Quarter</i>		<i>Change</i>	
	<i>2015</i>	<i>2014</i>	<i>€</i>	<i>%</i>
EBIT	32,114	20,046	12,068	60.2
+ Earnings of companies consolidated using the equity method	0	11	(11)	(100.0)
+ Financial income	338	347	(9)	(2.6)
+ Financial expenses	(14,132)	(15,235)	1,103	7.2
+ Net gains (losses) on exchange rates	(12)	(1)	(11)	>100
<b>Profit/(loss) before taxes</b>	<b>18,308</b>	<b>5,168</b>	<b>13,140</b>	<b>&gt;100</b>

## Remarks of the Board of Directors on the performance of operations, business outlook and progress of the business plan

### Remarks on the game and bets performance for the period up to 31 March 2015

In the first three months of 2015, the payout (percentage of winnings paid to bettors as compared to the total wagers collected) on sports bets, of 82.4% compared to 74.3% in the same period of 2014.

As at 31 March 2015, the volume of wagers on sports based games offered by the company amounted to Euro 193.4 million compared to Euro 212.8 million in the same period last year (-8.8%). Of these, Euro 42.5 million (22% of the total) originated from the on-line channel. The net revenues of sports based games, including pool betting, amounted to Euro 26.3 million compared to Euro 45.8 million in the same period of 2014.

Horse racing bets including National Horse Racing totalled wagers of Euro 57.1 million as at 31 March 2015, down compared to the Euro 68 million in the same period of last year (-16%).

Revenues from horse racing bets including National Horse Racing declined by Euro 0.7 million and amounted to Euro 5.4 million as at 31 March 2015, versus Euro 6.1 million in the same period of 2014.

The revenues from the Gaming Machines segment totalled Euro 75.2 million as compared to Euro 64.9 million in the first three months of 2014 and include revenues from VLTs (Video Lotteries) and AWP machines (formerly known as Slot Machines). Wagers amounted to Euro 744.4 million as at 31 March 2015, versus Euro 701.1 million in the same period of 2014.

In the first three months of 2015, the revenues from the remote gaming segment dropped to Euro 4.6 million compared to Euro 5.8 million in the same period of 2014, pending the launch of new and more performing website.

The results obtained from betting on virtual events in the first three months of 2015 reported lower wagers of Euro 68.1 million, compared to Euro 92.6 million in the same period of 2014, with net revenues of Euro 9.1 million (Euro 11.8 million in the first three months of 2014) , pending the authorization from ADM to increase number of events available per day ,

### Business outlook

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

During the first quarter of 2015, the Group launched a new step the process of reallocating VLT gaming terminals (around 500) to more performing betting shops. In the first step of the process, around 1450 VLTs were reallocated to more performing betting shops (mainly Arcades), able to generate a higher average coin-in per machine. This allowed to enhance our performance in the sector, despite its non positive general performance. After the launching of Virtual Events, occurred at end 2013, the Group has further developed its infrastructure in betting shops, while still carrying out risk monitoring activities, aimed at consolidating the payout performance on sports betting.

The management of the sports betting payouts was, in fact, enhanced both through the upgrading of automatic controls upon acceptance, but also on account of the effects of the new operating contract that contributes to a better alignment of SNAI interests with those of the distribution network. These actions continued also in 2015 aiming to a optimum balance between payout management and wagers collected.

The Group also intends to develop the AWP sector through the availability of new state-of-the-art machines, whether owned or belonging to third parties.

### Progress of the business plan

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

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

In its meeting of 20 March 2014, the Board of Directors approved the 2014-2016 Business Plan, which was then updated in the meeting of 12 March 2015. This Plan is focused on development and growth for the Group as listed above and which, once achieved, will contribute to reaching and maintaining economic and financial balance over time and will make available the necessary resources for business development, under the regulatory conditions known at the date of preparation and approval of the aforesaid plan.

In the initial three months of 2015, EBITDA performance was lower than in the first quarter of the previous year, and slightly lower than expected. The differences compared to the forecast business performance stem from certain major factors: i) the excellent results of the Gaming Machines (ADI) segment; ii) lower than expected revenues from sports betting, as a result of both a higher payout, which reached 82.4% and whose performance is within the normal fluctuations of this indicator and anyway better than market average, and lower wagers due to some problems related to the distribution network that brought to the closure of some POS; iii) lower revenues and margins generated by bets on virtual events; iv) the performance of the skill games, which was below expectations in terms of revenues.

### **Material events in the first quarter 2015**

#### **Barcrest Transaction**

In the last few months of 2014 and in the first weeks of 2015, negotiations continued between SNAI, on the one side, and Barcrest Group Limited and The Global Draw Limited on the other part, to reach an amicable settlement of the legal dispute as well as at a series of pending cases which arose between the parties following the well-known facts occurred in April 2012, for which on 19 February 2015, a transaction with the companies involved and their parent company Scientific Games Corporation was concluded. Due to the above, SNAI waived the actions in the Roman case that, at the same date, following the joint request submitted by the parties, was declared cancelled, with legal expenses offset, and reached an agreement with the above companies on pending cases and the payment of damages and costs already borne, including some guarantees on the cases themselves.

With respect to the aforesaid agreement, on the same date, SNAI received the payment of Euro 25 million, less around Euro 2.5 million asked by Barcrest to SNAI which, due to the transaction, will not be paid.

#### **Stability Law**

The Stability Law, approved by the Parliament at the end of December 2014, envisages, amongst other, that the total amount of Euro 500 million be charged to the distribution segment of gaming machines (both AWP and VLT). This amount is apportioned according to the number of machines referable to each single concession holder, as quantified by a decree issued by ADM on 15 January 2015. According to the aforesaid decree, the amount related to the distribution segment for gaming machines referable to SNAI is equal to Euro 37.8 million.

SNAI filed notice of appeal before the Regional Administrative Court (TAR) of Lazio to denounce the violation to the Italian and European Constitution of the request, pursuant to Art. 1, par. 649, of Law no. 190/2014, in the section which sets out the imposed payment of Euro 500 million from wagers margins of gaming machines related to the entire segment, and its apportionment to the various concession holders.

The request was formally addressed to the Directional Decree ADM no. 4076/2015 of 15 January 2015, which implemented the aforesaid provisions by defining the portion of payment attributed to each single concession holder, proportionally to the gaming machines related to them as at 31 December 2014.

The arguments asking the cancellation of this application provision introduced the request of a) non application due to European illegality, or b) the submission to the Council of the issue of violation of the Italian Constitution by the aforesaid provisions as per Art. 1, par. 649 of Law no. 190/2014.

The Second Section of the Lazio Regional Administrative Court set the hearing for discussion of the interim application on 18 March 2015. By reason of its postponement, the hearing was held on 1 April 2015 and on 2 April 2015 the order no. 1461 (The "**Order**") was issued in which the restrictive measures requested were refused and a new hearing was scheduled on 1 July 2015. The deadline of 30 April 2105 was therefore confirmed for the payment by concession holders of 40% of taxes provided for by the Stability Law. On 30 April, SNAI therefore paid around Euro 11.1 million to ADM. According to the interpretation of the Order and other discussions held with the relevant Authorities, this amount is composed of the reduction portion of benefits and remuneration directly attributable to SNAI and the reduction portion of benefits and remuneration actually paid to SNAI by other operators in the distribution segment of Gaming Machines (both AWP and VLTs), attributable to SNAI as at 31 December 2014.

#### **Resignation of a member of the Board of Directors**

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

#### **New developments of the issue related to the operator SIS S.r.l. in liquidation**

Reference is made to Note 40.3.

#### **Events occurred after the period**

As regards the other events occurred after the period, reference is made to Note 40.



**Condensed Interim Consolidated Financial Statements as at 31 March 2015**

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

**Milan, 5 May 2015**



## SNAI Group - Consolidated Comprehensive Income Statement

<i>amounts in thousands of Euro</i>	Note	Ist Quarter	
		2015	2014
Revenues from sales and services	4	128,456	142,255
Other revenue and income	5	27,667	183
Change in inventory of finished and semi-finished products		(16)	0
Raw materials and consumables	6	(151)	(410)
Costs for services and use of third party assets	7	(92,161)	(89,330)
Costs of personnel	8	(9,364)	(8,826)
Other operating costs	9	(8,338)	(8,817)
Capitalised internal construction costs	10	225	225
<b>Earnings before interest, tax, depreciation and amortisation</b>		<b>46,318</b>	<b>35,280</b>
Amortisation, depreciation and write-downs	11	(14,204)	(14,810)
Other provisions	28	0	(424)
<b>Earnings before interest and taxes</b>		<b>32,114</b>	<b>20,046</b>
Gains and expenses from shareholdings		0	11
Financial income		338	348
Financial expenses		(14,144)	(15,237)
<b>Total financial income and expenses</b>	12	<b>(13,806)</b>	<b>(14,878)</b>
<b>PROFIT/(LOSS) BEFORE TAXES</b>		<b>18,308</b>	<b>5,168</b>
Income tax	13	(6,872)	(2,965)
<b>Profit/(Loss) for the period</b>		<b>11,436</b>	<b>2,203</b>
<b>Total other comprehensive income components which will not be restated under profit/(loss) for the period after taxes</b>		<b>0</b>	<b>0</b>
Net (loss)/profit from derivatives as cash flow hedges		531	531
<b>Total other comprehensive income which will be restated under profit/(loss) for the year after taxes</b>		<b>531</b>	<b>531</b>
<b>Total profit/(loss) in comprehensive income statement, after taxes</b>	24	<b>531</b>	<b>531</b>
<b>Comprehensive profit (loss) for the period</b>		<b>11,967</b>	<b>2,734</b>
<i>Attributable to:</i>			
Profit (loss) for the period pertaining to the Group		11,436	2,203
Profit (loss) for the period pertaining to Third parties		0	0
Comprehensive profit (loss) for the period pertaining to the Group		11,967	2,734
Comprehensive profit (loss) for the period pertaining to Third parties		0	0
Basic earnings (loss) per share in Euro	25	0.10	0.02
Diluted earnings (loss) per share in Euro	25	0.10	0.02

With regard to transactions with related parties, reference is made to Note 34 "Related parties".

## SNAI Group - Consolidated balance sheet

<i>amounts in thousands of Euro</i>	<b>Note</b>	<b>31.03.2015</b>	<b>31.12.2014</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment owned		139,236	140,142
Assets held under financial lease		3,159	3,782
<b>Total property, plant and equipment</b>	<b>14</b>	<b>142,395</b>	<b>143,924</b>
Goodwill		231,531	231,531
Other intangible assets		93,607	102,857
<b>Total intangible assets</b>	<b>15</b>	<b>325,138</b>	<b>334,388</b>
Shareholdings measured using the equity method		2,318	2,318
Shareholdings in other companies		46	46
<b>Total shareholdings</b>	<b>16</b>	<b>2,364</b>	<b>2,364</b>
Deferred tax assets	17	76,366	80,004
Other non-financial assets	20	1,532	1,967
Financial Assets	21	1,744	1,244
<b>Total non-current assets</b>		<b>549,539</b>	<b>563,891</b>
<b>Current assets</b>			
Inventories	18	451	486
Trade receivables	19	91,680	58,486
Other assets	20	36,160	24,509
Current financial assets	21	19,696	19,663
Cash and cash equivalents	22	93,939	68,629
<b>Total current assets</b>		<b>241,926</b>	<b>171,773</b>
<b>TOTAL ASSETS</b>		<b>791,465</b>	<b>735,664</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity pertaining to the Group</b>			
Share Capital		60,749	60,749
Reserves		(12,117)	13,434
Profit/(Loss) for the period		11,436	(26,082)
<b>Total Shareholders' Equity pertaining to the Group</b>		<b>60,068</b>	<b>48,101</b>
Shareholders' Equity pertaining to minority interests			
<b>Total Shareholders' Equity</b>	<b>23</b>	<b>60,068</b>	<b>48,101</b>
<b>Non-current liabilities</b>			
Post-employment benefits	26	4,598	4,602
Non-current financial liabilities	27	465,157	464,769
Deferred tax liabilities	17	59,861	58,593
Provisions for risks and charges	28	10,304	10,838
Sundry payables and other non-current liabilities	29	2,090	2,336
<b>Total non-current liabilities</b>		<b>542,010</b>	<b>541,138</b>
<b>Current liabilities</b>			
Trade payables	30	25,279	32,385
Other liabilities	29	130,181	91,117
Current financial liabilities		14,194	3,371
Current portion of long-term borrowings		19,733	19,552
<b>Total financial liabilities</b>	<b>27</b>	<b>33,927</b>	<b>22,923</b>
<b>Total current liabilities</b>		<b>189,387</b>	<b>146,425</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>791,465</b>	<b>735,664</b>

With regard to transactions with related parties, reference is made to Note 34 "Related parties".

**STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY**
*(amounts in thousands of Euro)*

	Note	Share Capital	Legal Reserve	Share premium reserve	Cash Flow Hedge Reserve	Post-employment benefit reserve (IAS 19)	Profit (loss) carried forward	Profit (loss) for the year	Total Shareholders' Equity Group	Total Shareholders' Equity Third Parties	Total Shareholders' Equity
Balance as at 01/01/2014		60,749	1,559	108,282	(4,248)	(432)	967	(94,530)	72,347	0	72,347
Loss for fiscal year 2013							(94,530)	94,530	0		0
Profit/(loss) for the period	24				531			2,203	2,203		2,203
Other comprehensive profit/(loss)									531		531
Total profit (loss) as at 31.03.2014		0	0	0	531	0	0	2,203	2,734		2,734
<b>Balance as at 31.03.2014</b>		<b>60,749</b>	<b>1,559</b>	<b>108,282</b>	<b>(3,717)</b>	<b>(432)</b>	<b>(93,563)</b>	<b>2,203</b>	<b>75,081</b>	<b>0</b>	<b>75,081</b>
	Note	Share Capital	Legal Reserve	Share premium reserve	Cash Flow Hedge Reserve	Post-employment benefit reserve (IAS 19)	Profit (loss) carried forward	Profit (loss) for the year	Total Shareholders' Equity	Total Shareholders'	Total Shareholders'
Balance as at 01.01.2015		60,749	1,559	13,946	(2,124)	(720)	773	(26,082)	48,101	0	48,101
Loss for fiscal year 2014	23						(26,082)	26,082	0		0
Profit/(loss) for the period	24				531	0		11,436	11,436		11,436
Other comprehensive profit/(loss)									531		531
Total profit (loss) as at 31.03.2015		0	0	0	531	0	0	11,436	11,967		11,967
<b>Balance as at 31.03.2015</b>		<b>60,749</b>	<b>1,559</b>	<b>13,946</b>	<b>(1,593)</b>	<b>(720)</b>	<b>(25,309)</b>	<b>11,436</b>	<b>60,068</b>	<b>0</b>	<b>60,068</b>

**SNAI Group - Consolidated Cash Flow Statement**

<i>amounts in thousands of Euro</i>	Note	31.03.2015	31.03.2014
<b>A. CASH FLOW FROM OPERATIONS</b>			
Profit (loss) for the period pertaining to the Group		11,436	2,203
Profit (loss) for the period pertaining to Third parties		0	0
Amortisation, depreciation and write-downs	11	14,204	14,810
Net change in assets (liabilities) for deferred tax assets (deferred tax liabilities)	17	4,705	1,554
Change in provision for risks	28	(534)	(97)
(Capital gains) capital losses from non-current assets (including shareholdings)		27	716
Portion of earnings pertaining to shareholdings measured using the equity method (-)	12	0	(11)
Net change in sundry non-current trade assets and liabilities and other changes	20-29	189	(334)
Net change in current trade assets and liabilities and other changes	18-19-20-30-29	(12,852)	(12,978)
Net change in post-employment benefits	26	(4)	(117)
<b>CASH FLOW FROM (USED IN) OPERATIONS (A)</b>		<b>17,171</b>	<b>5,746</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investments in property, plant and equipment (-)	14	(2,758)	(2,022)
Investments in intangible assets (-)	15	(747)	(766)
Proceeds from the sale of property, plant and equipment, and intangible and other non-current assets		53	4
<b>CASH FLOW FROM (USED IN) INVESTING ACTIVITIES (B)</b>		<b>(3,452)</b>	<b>(2,784)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Change in financial receivables and other financial assets	21	(533)	(245)
Change in financial liabilities	27	12,124	10,472
<b>CASH FLOW FROM (USED IN) FINANCING ACTIVITIES (C)</b>		<b>11,591</b>	<b>10,227</b>
<b>D. CASH FLOWS FROM DISCONTINUED ASSETS /ASSETS HELD FOR SALE (D)</b>			
<b>E. TOTAL CASH FLOW (A+B+C+D)</b>			
		<b>25,310</b>	<b>13,189</b>
<b>F. INITIAL NET FINANCIAL LIQUIDITY (INITIAL NET FINANCIAL INDEBTEDNESS)</b>			
		<b>68,629</b>	<b>45,499</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>22</b>	<b>93,939</b>	<b>58,688</b>

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

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

Cash and cash equivalents	68,629	45,499
Bank overdrafts		
Discontinued operations		
	<b>68,629</b>	<b>45,499</b>

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

Cash and cash equivalents	93,939	58,688
Bank overdrafts		
Discontinued operations		
	<b>93,939</b>	<b>58,688</b>

Interest expenses paid in the first quarter of 2015 amounted to around Euro 579 thousand (Euro 1,031 thousand in the first quarter of 2014).

In the first quarter of 2015 and 2014 no taxes were paid.

## INTERIM MANAGEMENT REPORT AS AT 31 MARCH 2015

### EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Relevant accounting standards

##### Consolidation scope

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

The consolidated financial statements of the SNAI Group as at 31 March 2015 comprise the financial statements of SNAI S.p.A. and the following subsidiaries, which are consolidated on a line-by-line basis:

- Società Trenno S.r.l. held by a sole quotaholder
- Teleippica S.r.l. held by a sole quotaholder

The consolidation scope changed with respect to 31 December 2014 due to the following:

- on 24 November 2014, the merger deed was signed envisaging the incorporation into SNAI S.p.A. of the entirely controlled companies Festa S.r.l., held by a sole quotaholder, and Immobiliare Valcarenga S.r.l. held by a sole quotaholder in execution of the merger resolutions issued by the appropriate Bodies of each Company on 28 and 31 July 2014, respectively. The merger was effective on 1 January 2015, after registration of the deed in the relevant Company's Registers. Also accounting and tax effects became effective on that date. The merger had no impact on the consolidated financial statements as it was an intercompany operation;
- on 18 December 2014, the "winding-up and liquidation" deed of the company SNAI Olè s.a. was signed before the Notary Joaquin Vincente Calvo Saavedra. The deed was recorded in the Trade Register in view of the following write-off of the company. The company was written off from the Trade Register on 25 February 2015.

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

The consolidated financial statements as at 31 March 2015 were approved by the directors of the Parent Company at the board of directors' meeting held on 05 May 2015 and then authorized for publication as provided by law.

##### Seasonality

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

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

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

In particular, with respect to the financial statements as at 31 March 2015, the Group reported net profits of Euro 11.4 million and equity increased to Euro 60.1 million. Net financial indebtedness, equal to Euro 405.1 million, is mainly composed of bond loans issued and subscribed on 4 December 2013, to be repaid in 2018.

The Directors report that Earnings Before Interest, Tax, Depreciation and Amortisation in the first quarter 2015 were largely better than in the first quarter of the previous year, also due to the Barcrest transaction. The result is slightly lower than expected. The differences compared to the forecast business performance stem from certain major factors: i) the excellent results of the Gaming Machines (ADI) segment; ii) lower than expected revenues from sports betting, as a result of both a higher payout, which reached 82.4% and whose performance is within the normal fluctuations of this indicator and anyway better than market average, and lower wagers due to some problems related to the distribution network that brought to the closure of some POS; iii) lower revenues and margins generated by bets on virtual events; iv) the performance of the skill games, which was below expectations in terms of revenues and margin.

The Directors prepared a strategic plan for 2014-2016 fiscal years (the "2014-2016 Plan" or the "Plan"), approved on 14 March 2014, whereby, at the end of the three-year period, revenues and margins will have grown significantly and a positive economic result will be achieved, whilst a consolidated Shareholders' Equity will be substantially unchanged with respect to 2013, there will be adequate operating cash flows to finance the investments necessary for the business development and to cover financial expenses generated by indebtedness. In light of current forecasts, however, the Group is not likely to generate the necessary resources to entirely repay bond loans in 2018.

In the meeting of the BoD held on 12 March 2015, the Plan itself was recently updated to take account of the negative effects resulting from regulations introduced by the Stability Law approved in December 2014, the performance of the distribution network and further actions to support the business. The results achieved with the plan updating, however,

do not differ significantly from the previously approved plan. Forecasts for 2015 were also supplemented to reflect the equity, economic and financial effects of the Barcrest transaction occurred in the first months of 2015 (as better described in paragraph "Events after the end of the fiscal year").

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

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

While evaluating the uncertainties identified, Directors also considered that the impact on the Group of possible unfavourable deviations, which should occur with respect to estimates for 2015, might be more easily mitigated thanks to the positive effects of the Barcrest transaction. On the other hand, the same Directors acknowledged the necessity to carry out a careful and constant monitoring of results, in order to timely assess any possible deviations in performance that might affect future years and, in general, the achievement of an economic, equity and financial balance.

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

## **1.2 Accounting standards**

### **(a) General standards**

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

The drafting, measurement and consolidation criteria, as well as the accounting standards used in the preparation of these consolidated financial statements are consistent with those used for the drafting of the consolidated financial statements for the year ended 31 December 2014, except for the adoption of new or revised standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee, as described below. The adoption of these amendments and interpretations had no significant impact upon the Group's financial position and economic performance.

The term IFRS also refers to the revised international financial reporting standards and International Accounting standards (IFRS and IAS) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC and SIC), adopted by the European Union.

### **Amendments to the new standards and interpretations applied as from 1 January 2015**

In accordance with paragraph 28 of IAS 8, the IFRSs that have come into effect as from 1 January 2015 and are applied by the Group are summarized and briefly illustrated below:

#### **Amendments to IAS 19 - Employee Benefits: Employee Contributions**

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

## IFRIC 21 Levies

IFRIC 12 clarifies that an entity recognises a liability for levies not before the occurrence of the event to which the payment is connected, in compliance with applicable law. As regards payments that are due only upon the overcoming of a specific minimum threshold, the liability is recorded only when such threshold is reached. The IFRIC 21 should be applied retrospectively. This application of this interpretation is compulsory for financial statements beginning on or after 17 June 2014.

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

## Reporting format of the Financial Statements

The format adopted by the Group is the following:

### Consolidated Balance Sheet

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

### Consolidated Comprehensive Income Statement

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

### Statement of Changes in Consolidated Shareholders' Equity

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

### Consolidated Cash Flow Statement

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

## 2. Agreements for services licensed

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

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

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

SNAI S.p.A.	1 Concession Code 4501 *	Operation of horse racing and sports public games as per Art. 10, par. 9- octies, of the Law Decree no. 16 of 2 March 2012, converted as amended into Law no. 44 of 26 April 2012.	June 2016
-------------	--------------------------	--	-----------

\* SNAI adhered to the proceeding envisaged by Law no. 190 of 23 December 2014 (2015 Stability Law ) as regards tax regularisation of operating "CTDs" as at 30 October 2014. This resulted in the widening of the physical collection network with a certain number of additional shops, former "CTDs" that are now regularised.

### 3. Operating segments

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

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

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

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

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

The sector results include both directly attributable elements and amounts attributable through a reasonable allocation for costs that are common to more than one sector and indirect costs.

Conversely, revenues for the sale of software and technology, those for the set-up of stores and other revenues not included under the four specific business areas are not attributed to the main sectors. Therefore, the costs related to the above-mentioned revenues, as well as the financial income and expenses not attributable to those four main business areas, are not attributed to specific sectors but rather to overall corporate governance.

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

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

(amounts in thousands of Euro)

	Betting Services		Management of Racetracks		Concessions		Television Services		Other		Eliminations		Total consolidated	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014	31.03.2015	31.12.2014	31.03.2015	31.12.2014	31.03.2015	31.12.2014	31.03.2015	31.12.2014	31.03.2015	31.12.2014
Sector assets	8,885	5,618	5,646	4,756	288,478	227,749	12,577	10,431	824	1,055	0	0	316,410	249,609
Property, plant and equipment, and intangible assets	12,266	12,629	103,366	102,319	334,097	345,891	3,754	3,725	3	4	0	0	453,486	464,568
Unallocated property, plant and equipment, and intangible assets													14,047	13,744
Shareholdings in associates	0	0	2,315	2,315	0	0	0	0	49	49	0	0	2,364	2,364
Unallocated assets													5,158	5,379
Total Assets	21,151	18,247	111,327	109,390	622,575	573,640	16,331	14,156	876	1,108	0	0	791,465	735,664
Sector liabilities	2,586	3,269	9,044	8,131	692,654	649,700	3,145	2,858	152	932	0	0	707,581	664,890
Unallocated liabilities													23,816	22,673
Total Liabilities	2,586	3,269	9,044	8,131	692,654	649,700	3,145	2,858	152	932	0	0	731,397	687,563
Investments:														
Property, plant and equipment, and intangible assets	0	713	1,990	1,521	553	13,331	296	383	0	0	0	0	2,839	15,948
Unallocated property, plant and equipment, and intangible assets													666	2,642



**INCOME STATEMENT BY BUSINESS SEGMENT**

(amounts in thousands of Euro)

	Betting Services		Management of Racetracks		Concessions		Television Services		Other		Eliminations		Total consolidated	
	Q1 2015	Q1 2014	Q1 2015	Q1 2014	Q1 2015	Q1 2014	Q1 2015	Q1 2014	Q1 2015	Q1 2014	Q1 2015	Q1 2014	Q1 2015	Q1 2014
Sector revenues	3,397	2,870	1,243	1,317	149,169	135,663	2,282	2,284	32	304	0	0	156,123	142,438
Inter-sector revenues	29	1,309	45	58	4	4	746	746	125	106	(949)	(2,223)	0	0
Results of operations	1,521	1,466	(2,169)	(2,183)	32,347	20,329	240	351	175	83	0	0	32,114	20,046
Quotas of results of operations pertaining	0	0	0	11	0	0	0	0	0	0	0	0	0	11
Financial (expenses) and income	(4)	(21)	(9)	(17)	(13,775)	(15,059)	(18)	(4)	0	212	0	0	(13,806)	(14,889)
Income tax													(6,872)	(2,965)
Profit/(loss) for the period													11,436	2,203
The results of operations include:														
Amortisation, depreciation and write-downs	(140)	(119)	(945)	(984)	(12,851)	(13,428)	(267)	(276)	(1)	(3)	0	0	(14,204)	(14,810)

The first quarter of 2015 reports better results of operation in the "Concessions" segment for the combined effect of: i) the Barcrest transaction; ii) the excellent results of the Gaming Machines (ADI) segment; iii) lower than expected revenues from sports betting, also as a result of both a higher payout, which reached 82.4% and whose performance is within the normal fluctuations of this indicator and anyway better than market average, and lower wagers due to some problems related to the distribution network that brought to the closure of some POS; iv) lower revenues and margins generated by bets on virtual events; v) the performance of the skill games, which was below expectations in terms of revenues and margins.

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

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

### 4. Revenues from sales and services

The amount of revenues from sales of goods and services in the first quarter 2015 is equal to Euro 128,456 thousand, down from Euro 142,255 thousand, and is detailed below:

thousands of Euro	1st Quarter		Change
	2015	2014	
Net revenues from the collection of fixed-odds and reference sports and horse racing betting	26,896	46,422	(19,526)
Revenues from totalisator, national horse racing/sports forecast bets	4,769	5,464	(695)
Revenues from Gaming Machines	75,245	64,909	10,336
Net revenues from on-line games (Skill/Casino/Bingo)	4,636	5,760	(1,124)
Revenues from betting collection services	1,045	968	77
Revenues from virtual events	9,114	11,778	(2,664)
Revenues from virtual event services	822	474	348
Revenues from commissions	836	997	(161)
Revenues from third party on-line gaming services (GAD)	0	8	(8)
Revenues from service and assistance contracts	1,183	1,283	(100)
Revenues from the operation of betting services at racetracks	799	873	(74)
Operation of racetrack and real estate properties	251	250	1
Revenues from television services and related services	2,303	2,312	(9)
Revenues from organisation and technology sales	34	281	(247)
Other services and sales to third parties	523	476	47
<b>Total</b>	<b>128,456</b>	<b>142,255</b>	<b>(13,799)</b>

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

thousands of Euro	1st Quarter	
	2015	2014
Fixed-odds Sports Betting	192,672	211,898
Refunds of Fixed-odds Sports Betting	(214)	(242)
Winnings of Fixed-odds Sports Betting	(158,606)	(157,342)
Fixed-odds Sports Single Tax	(7,609)	(8,577)
<b>Net Fixed-odds Sports Betting</b>	<b>26,243</b>	<b>45,737</b>
Fixed-odds Horse Racing Bets and Reference Horse Racing Bets	6,929	6,114
Fixed-odds Horse Racing and Reference Horse Racing Winnings and Refunds	(36)	(32)
Fixed-odds Horse Racing and Reference Horse Racing Winnings and Refunds	(5,392)	(4,631)
Fixed-odds Horse Racing and Reference Horse Racing Single Tax	(279)	(252)
Horse Racing Withholding	(569)	(514)
<b>Net Fixed-odds and Reference Horse Racing Betting</b>	<b>653</b>	<b>685</b>
<b>Total net revenues from fixed-odds and reference betting</b>	<b>26,896</b>	<b>46,422</b>

Net revenues from sports betting decreased compared to the first quarter of the previous year due to higher payout and lower wagers, also due to a certain number of betting shops that are currently shut for reasons attributable to the

financial situation of the managing company. In the first quarter of 2015, the payout on sports betting amounted to approximately 82.4% compared to 74.3% in the first quarter of the previous year.

Revenues from totalisator, national horse racing and sports forecast bets decreased due to the continued crisis in the horse racing sector.

Revenues from concessions for the management of the network of entertainment machines (ADI) amounted to a total of Euro 75,245 thousand in the first quarter of 2015, which is stated inclusive of the compensation granted by contract to the manager or operator. Such costs are explained under the item "Costs of third-party services and leasing/rental expenses" in Note 7. It should be recalled that the concession holders are required to pay to AAMS (pursuant to the Law Decree no. 95 of 6 July 2012. Since 1 December 2012, the Customs incorporated the AAMS office, thus becoming ADM, Agenzia delle Dogane e dei Monopoli (Customs and Monopoly Agency), an amount equal to 0.50% of the wagers played on each of the gaming devices connected to the electronic network as a guarantee deposit, to secure the achievement of the pre-established service levels. The balance sheet shows the amount of Euro 17,938 thousand paid for the "Entertainment machine guarantee deposit" in 2014 and in the first quarter 2015 (see Note 20).

The guarantee deposit is refunded to the concessionaires each year once it has been verified that the agreed service levels have been achieved. The Company SNAI, based on the assumed information and internal checks performed, considers that the service levels achieved in 2014 and in the current period are sufficient to allow the guarantee deposit to be refunded.

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

thousands of Euro	1st Quarter	
	2015	2014
On-line Skill and Casino Games	183,498	212,923
Winnings	(177,418)	(205,369)
Single Tax	(1,444)	(1,794)
<b>Net revenues from on-line games (Skill/Casino/Bingo)</b>	<b>4,636</b>	<b>5,760</b>

The item "Revenues from television services and related services" includes mainly revenues deriving from the agreement entered into by the subsidiary Teleippica S.r.l. with MIPAAF (former ASSI, now absorbed into MIPAAF) for the television broadcasting of horse races at the points of acceptance of horse racing betting.

## 5. Other revenue and income

The other revenue and income item, equal to Euro 27,667 thousand in the first quarter of 2015 (Euro 183 thousand in the first quarter of 2014) breaks down as follows:

thousands of Euro	1st Quarter		
	2015	2014	Change
Rental of assets and chargeback expense	41	46	(5)
Active trading	27,474	15	27,459
Revenue from compensation and reimbursement for damages	1	30	(29)
Grants to UNIRE investments fund	13	13	0
Capital gain from the sale of assets	15	4	11
Other revenue and income	123	75	48
<b>Total</b>	<b>27,667</b>	<b>183</b>	<b>27,484</b>

Active trading, equal to Euro 27,474 thousand, are related, in the amount of Euro 27,457 thousand, to the transaction concluded on 19 February 2015, between SNAI on the one side, and Barcrest Group Limited and The Global Draw Limited on the other side, together with their parent company Scientific Games Corporation, to settle a series of pending disputes arisen between the parties after the well-known events occurred in April 2012. SNAI waived the actions in the Roman case that, at the same date, following the joint request submitted by the parties, was declared cancelled, with legal expenses offset, and reached an agreement with the above companies on pending cases and the payment of damages and costs already borne, including some guarantees on the cases.

## 6. Raw materials and consumables

The cost of raw materials and consumables amounted to a total of Euro 151 thousand in the first quarter of 2015 (Euro 410 thousand in the first quarter of 2014), mainly related to materials used in bet collection, technology and the furnishings installed in the new points of sales.

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

Costs of third-party services and leasing/rental expenses amounted to a total of Euro 92.161 thousand in the first quarter of 2015 (Euro 89,330 thousand in the first half of 2014), as broken down below:

thousands of Euro	1st Quarter		Change
	2015	2014	
Betting acceptance management	17,386	20,997	(3,611)
Gaming Machine services	56,738	47,644	9,094
On-line games management (Skill/Casino/Bingo)	1,108	1,320	(212)
Bookmakers	468	480	(12)
On-line gaming services	1,393	1,895	(502)
Virtual races management costs	3,845	5,530	(1,685)
Management of Racetracks	138	148	(10)
Television and radio services	1,877	1,874	3
Rent of stations	96	102	(6)
Consultancy cost and expense reimbursements	1,990	1,007	983
Utilities and telephone	1,817	1,839	(22)
Equipment repair and maintenance	1,970	2,207	(237)
Advertising and promotion	580	1,464	(884)
Installations, logistics and design	173	321	(148)
Personnel costs for collaborations and other	138	61	77
Insurance and guarantees	369	369	0
Market research	55	106	(51)
Marketing materials	165	140	25
Rental fees and additional charges	200	192	8
Operating leases and other leasing	275	231	44
Directors' fees	509	515	(6)
Independent Auditors' fees	111	123	(12)
Statutory Auditors' fees	57	61	(4)
Regulation authority and other committees fees	45	40	5
Expense reimbursement to directors and auditors	6	7	(1)
Other	652	657	(5)
<b>Total</b>	<b>92,161</b>	<b>89,330</b>	<b>2,831</b>

In particular, the table shows:

- the betting sports and horse race betting collection service fees granted to the managers of horse race and sports stores and betting corners decreased from Euro 20,997 thousand in the first quarter of 2014 to Euro 17,386 thousand in the first quarter of 2015. This decrease results from a lower collection on sports and horseracing bets in the physical network;
- costs for ADI services (totalling Euro 56,738 thousand compared to Euro 47,644 thousand in the first quarter of 2014) comprise fees paid to third party operators charged of gaming collection and running costs for VLT platforms;
- operating costs for on-line virtual races (equal to Euro 3,845 thousand compared to Euro 5,530 thousand in the first quarter of 2014), which include costs related to the operator and the platform.

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

## 8. Costs of personnel

Personnel costs totalled Euro 9,364 thousand in the first quarter of 2015, compared to Euro 8,826 thousand in the first quarter of 2014, up by Euro 538 thousand (6.1%) mainly to salaries and wages for the hiring of key personnel in the Parent Company's "core business" structures.

thousands of Euro	Ist Quarter		
	2015	2014	Change
Salaries and wages	6,586	6,086	500
Social security expenses	1,973	1,826	147
Accrual to defined-benefit/defined-contribution plans	379	357	22
Costs for personnel training	13	18	(5)
Expense reimbursement to employees	127	191	(64)
Meal tickets	209	182	27
Other costs of personnel	77	166	(89)
<b>Total</b>	<b>9,364</b>	<b>8,826</b>	<b>538</b>

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

The composition of the employees as at 31 March 2015 is illustrated by the following table, which shows an increase of 30 individuals relative to 31 December 2014, mainly due to implementation of the "core business" structures.

31.03.2014		31.12.2014	Accruals for the period	Disbursements for the period	31.03.2015	Average no. in period
19	Executives	27	0	1	26	26
656	Office workers and middle managers	598	39	8	629	618
74	Blue-collar workers	65	0	0	65	65
749	* Total Employees	690	** 39	9	720	*** 709

\* of whom 107 part-time and 10 on maternity leave

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

\*\*\* of whom 129 part-time and 16 on maternity leave

## 9. Other operating costs

Other operating costs amounted to a total of Euro 8,338 thousand in the first quarter of 2015 (Euro 8,817 thousand in the first quarter of 2014).

thousands of Euro	Ist Quarter		
	2015	2014	Change
Concessions and licenses	3,888	4,268	(380)
Cost of Stability Law	1,468	0	1,468
Administration fines	31	146	(115)
% non-deductible VAT	959	1,375	(416)
Provision for doubtful debts	1,052	1,041	11
Credit losses	131	272	(141)
Provision for risks	79	110	(31)
Entertainment expenses	11	31	(20)
Subscription fees	47	69	(22)
Other taxes	137	176	(39)
IMU (real estate tax)	265	315	(50)
Stationery, consumables and promotional materials	13	57	(44)
Environmental and health controls	28	23	5
Losses on settlement of disputes	86	115	(29)
Capital losses from sale of assets	42	720	(678)
Other administration and operating costs	101	99	2
<b>Total</b>	<b>8,338</b>	<b>8,817</b>	<b>(479)</b>

The concessions and licenses item includes, among other things:

- the concession fee for the legal gaming on gaming machines of Euro 2,234 thousand, calculated at 0.30% of the volume wagered and paid to ADM on a bimonthly basis;
- the concession fee for the marketing of public gaming on the rights awarded through the call for tenders in 2006 ("Bersani rights") and the rights awarded through the call for tenders in 2008 ("Giorgetti rights"), and the rights awarded through the call for tenders in 2012 ("Monti rights"), in the amount of Euro 1,300 thousand;
- the concession fee for on-line public gaming under the corresponding concessions in the amount of Euro 221 thousand;
- the television licence fees in the amount of Euro 88 thousand.

The item Cost of Stability Law, amounting to Euro 1,468 thousand, is related to costs attributable to SNAI for the first quarter of 2015, as provided for by the Stability Law approved by the Parliament at the end of December 2014, which also charged the total amount of Euro 500 million to the distribution segment of Gaming Machines (AWPs and VLTs). This amount is apportioned according to the number of machines referable to each single concession holder, as quantified by the Decree no. 4076/2015 issued by ADM on 15 January 2015. According to the aforesaid decree, the amount related to the distribution segment for gaming machines pertaining to SNAI is equal to Euro 37,792 thousand. The greatest portion of the above-mentioned amount, around Euro 30 million, is charged to the distribution segment (for further details see Notes 19, 20 and 29).

In the first quarter, an allocation was set aside to the Provision for doubtful debts, in the amount of Euro 1,052 thousand in order to align, with their recoverable value, receivables that arose in prior fiscal years in connection with the Group's core business operations and which showed, over the course of the year, growing difficulties with regard to their collection.

In the first quarter of 2015, an allocation was set aside to the Provision for risks for technological upgrading, in the amount of Euro 79 thousand, as provided for by the concession agreement for the building and running of networks for the online management of legal gaming via entertainment and amusement machines, in accordance with Art. 110, par. 6, of the T.U.L.P.S. [Consolidated Text of Public Safety Laws], as per the Royal Decree no. 773 of 18 June 1931 and following amendments and supplements, as well as related activities and functions.

The "% non-deductible VAT", equal to Euro 959 thousand, relates to particular operations performed by SNAI S.p.A. and by Società Trenno S.r.l., which generate, in part, the revenues subject to VAT taxation and in part revenues exempt from VAT, with consequent impact on the non-deductibility of VAT on purchases.

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

As regards the VAT on goods and services used promiscuously by all of the business operations, the VAT is deducted subject to the limits of the portion attributable to the operations which produce taxable revenues to which it refers; therefore the cost of non-deductible VAT has been calculated using specific allocation criteria.

## 10. Capitalised internal construction costs

Capitalised internal construction costs, amounting to a total of Euro 225 thousand in the first quarter of 2015 (Euro 225 thousand in the first quarter of 2014) are essentially related to software generated internally for:

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

## 11. Amortisation, depreciation and write-downs

These amount to a total of Euro 14,204 thousand for the first quarter of 2015 (Euro 14,810 thousand in the first quarter of 2014), as detailed below:

thousands of Euro	1st Quarter		Change
	2015	2014	
Amortisation of intangible assets	9,986	10,107	(121)
Depreciation of property, plant and equipment	4,218	4,613	(395)
Write-downs		90	(90)
<b>Total</b>	<b>14,204</b>	<b>14,810</b>	<b>(606)</b>

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

## 12. Financial income and expenses

In the first quarter of 2015, net financial expenses amounted to Euro 13,806 thousand, down by Euro 1,072 thousand over the first quarter of 2014, as detailed below:

thousands of Euro	1st Quarter		Change
	2015	2014	
<b>Gains and expenses from shareholdings</b>			
Write-up/(write-down) Alfea S.p.A.	0	11	(11)
	<b>0</b>	<b>11</b>	<b>(11)</b>
<b>Financial income</b>			
Gains on foreign exchange	0	1	(1)
Bank interest income	297	272	25
Misc. interest income	41	75	(34)
	<b>338</b>	<b>348</b>	<b>(10)</b>
<b>Financial expenses</b>			
Interest expense on bond loan	12,209	12,359	(150)
Other interest expense	48	85	(37)
Exchange rate losses	12	2	10
Interest expense and ancillary charges on leasing	55	917	(862)
Interest expense on post-employment benefits	14	30	(16)
Other financial expenses	1,806	1,844	(38)
	<b>14,144</b>	<b>15,237</b>	<b>(1,093)</b>
<b>Total</b>	<b>(13,806)</b>	<b>(14,878)</b>	<b>1,072</b>

Financial income includes interest income accrued on bank accounts in the amount of Euro 297 thousand and other interest income for Euro 41 thousand mainly related to interest borne on the extended terms of payment granted on trade receivables.

Financial expenses include the following:

- expenses calculated in accordance with the depreciated cost method under IAS 39 by applying the effective interest rate on loans amounting to Euro 12,209 thousand of which Euro 747 thousand can be attributed to ancillary costs. These amounts are related to bond loans issued on 8 November 2013 and 4 December 2013, and amounting to Euro 500,000 thousand (for further details on bond loans reference is made to Note 27);
- interest expense calculated on financial leasing in the amount of Euro 23 thousand and ancillary charges on leasing for Euro 32 thousand, including non-deductible VAT;
- other financial expenses, including Euro 732 thousand of release of the portion pertaining of the cash flow hedge reserve related to hedge derivatives existing in 2013, Euro 637 thousand of commissions on bank guarantees, Euro 147 thousand of commissions payable on revolving loans and Euro 258 thousand of bank charges.

## 13. Income tax

Current income taxes, inclusive of IRES tax and IRAP tax of the subsidiaries consolidated on a line by line basis, as well as the deferred tax assets and liabilities recorded in the first quarter of 2015, show a negative balance of Euro 6,872 thousand.

thousands of Euro	Fiscal year	
	2015	2014
IRES	598	1,236
IRAP	1,569	1,215
Deferred tax liabilities	1,315	1,299
Use of provision for deferred tax liabilities	(47)	(122)
Deferred tax assets	(362)	(1,476)
Reversal of deferred tax assets	3,799	813
<b>Total</b>	<b>6,872</b>	<b>2,965</b>

The table below shows the reconciliation between the IRES and IRAP tax charge resulting from the condensed interim financial statements at 31 March 2015 and the theoretical tax charge (in thousands of Euro):

	<u>31.03.2015</u>		<u>31.03.2014</u>
Profit before tax	18,308		5,168
Theoretical IRES tax charge	27.50% (5,035)	27.50%	(1,421)
Theoretical IRAP tax charge	5.12% (937)	5.12%	(265)
<b>Total Theoretical tax (charge)/credit</b>	<b>(5,972)</b>		<b>(1,686)</b>
Fines, penalties and other taxes	(9)		(110)
Other permanent non-deductible costs	(139)		(94)
Other permanent tax deductions	126		74
	<b>(5,994)</b>		<b>(1,816)</b>
Permanent differences for IRAP tax purposes (including employees)	(878)		(1,149)
	<b>(6,872)</b>		<b>(2,965)</b>
Tax and duties for prior year	0		0
<b>Actual tax (charge)/credit</b>	-37.54% <b>(6,872)</b>	-57.37%	<b>(2,965)</b>

For further details on the effects deriving from the tax burden and the tax consolidation regime, reference is made to Note 17 "Deferred tax assets and deferred tax liabilities" of these explanatory notes. The last fiscal year finalised for tax purposes was the year 2009.

Reference is made to paragraph 28 for further details on tax disputes.



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

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

### 14. Property, plant and equipment

Property, plant and equipment as at 31 March 2015 amounted to Euro 142,395 thousand (Euro 143,924 thousand). The change over the period is due to the combined effect of the depreciation charge for the period (Euro 4,218 thousand), investments (Euro 2,758 thousand), and sales/disposals, net of accumulated depreciation (Euro 69 thousand).

	Land and buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
In thousands of Euro						

#### Cost

<b>Balance as at 31 December 2014</b>	<b>142,493</b>	<b>170,250</b>	<b>7,347</b>	<b>22,347</b>	<b>789</b>	<b>343,226</b>
Reclassification	0	535	0	117	(652)	0
Other increases	606	713	20	94	1,325	2,758
Decreases	0	(53)	0	(424)	0	(477)
<b>Balance as at 31 March 2015</b>	<b>143,099</b>	<b>171,445</b>	<b>7,367</b>	<b>22,134</b>	<b>1,462</b>	<b>345,507</b>

#### Amortisation and impairment losses

<b>Balance as at 31 December 2014</b>	<b>36,938</b>	<b>140,960</b>	<b>6,954</b>	<b>14,450</b>	<b>0</b>	<b>199,302</b>
Depreciation for the period	760	2,862	30	566		4,218
Write-downs	0	0		0		0
Disposals	0	(28)	0	(380)		(408)
Reclassification	0	0	0	0	0	0
<b>Balance as at 31 March 2015</b>	<b>37,698</b>	<b>143,794</b>	<b>6,984</b>	<b>14,636</b>	<b>0</b>	<b>203,112</b>

#### Carrying amounts

As at 31 December 2014	105,555	29,290	393	7,897	789	143,924
As at 31 March 2015	105,401	27,651	383	7,498	1,462	142,395

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

The increases as at 31 March 2015, in the amount of Euro 2,758 thousand, mainly relate to:

- "Land and buildings", in the amount of Euro 606 thousand, relate mainly to improvements to buildings and other structures at the Ippodromo del Galoppo [Milan gallop racetrack];
- "Plant and equipment", in the amount of Euro 713 thousand, relate for Euro 132 thousand to technology loaned free of charge to the betting shop, for Euro 69 thousand to electro-thermal and electric plant, for Euro 154 thousand to hardware and interconnection network for the betting shops, for Euro 58 thousand to radio links, Euro 2 thousand to broadcasting, synchronism and control equipment, for Euro 233 thousand to implementation of a directing plant of Teleippica S.r.l. and for Euro 65 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;
- "Industrial and commercial equipment", in the amount of Euro 20 thousand to the purchase of the horse walker for the new racetrack in Milan (Ippodromo della Maura);
- "Other assets", in the amount of Euro 94 thousand relate for Euro 37 thousand to furnishings and fittings provided free of charge to sales points and to the begging shops managed directly by the Group, for Euro 43 thousand to head office furnishings and fittings and for Euro 14 thousand to sundry assets;
- "Assets under construction", amounting to Euro 1,325 thousand, are related to: the new racetrack in Milan (Ippodromo della Maura) in the amount of Euro 1,285 thousand, and the requalification project of the trot area (Euro 40 thousand).

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

#### Leasing

The Group has entered into leasing contracts for the use of certain plant, machinery and equipment which will expire at various points between now and June 2017. These agreements include redemption and/or extension clauses. The real estate property in Porcari, which is included among land and buildings, is subject to a financial lease with the company Ing Lease Italia S.p.A., for a historic cost of Euro 3,500 thousand, of which Euro 382 thousand relates to land and an amortization provision, as at 31 March 2015, of Euro 1,005 thousand.

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

thousands of Euro	Total
Total loan as at 31.03.2015	993
of which	
Payments falling due within 12 months	648
Payments falling due between 1 to 5 years	345
Payments falling due after 5 years	-
Redemption	749

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

#### **15. Intangible assets**

Intangible assets as at 31 March 2015 amounted to Euro 325,138 thousand (Euro 334,388 thousand). The change over the period is due to the combined effect of amortisation for the period for Euro 9,986 thousand, net disposals for Euro 11 thousand and investments of Euro 747 thousand.

thousands of Euro	Goodwill	Concessions , licenses, trademarks and similar rights	Industrial patent rights and use of intellectual property	Other	Assets in progress and advances	Total
<b>Cost</b>						
<b>Balance as at 31 December 2014</b>	<b>231,605</b>	<b>256,789</b>	<b>16,430</b>	<b>19,894</b>	<b>375</b>	<b>525,093</b>
Reclassification		143	0	26	(169)	0
Other increases		179	55	164	349	747
Decreases	0	0	0	(28)	0	(28)
<b>Balance as at 31 March 2015</b>	<b>231,605</b>	<b>257,111</b>	<b>16,485</b>	<b>20,056</b>	<b>555</b>	<b>525,812</b>
<b>Amortisation and impairment losses</b>						
<b>Balance as at 31 December 2014</b>	<b>74</b>	<b>164,348</b>	<b>12,956</b>	<b>13,327</b>	<b>0</b>	<b>190,705</b>
Depreciation for the period		8,949	314	723		9,986
Write-downs		0	0	0		0
Disposals		0	0	(17)		(17)
Reclassification		0	0	0		0
<b>Balance as at 31 March 2015</b>	<b>74</b>	<b>173,297</b>	<b>13,270</b>	<b>14,033</b>	<b>0</b>	<b>200,674</b>
<b>Carrying amounts</b>						
As at 31 December 2014	231,531	92,441	3,474	6,567	375	334,388
As at 31 March 2015	231,531	83,814	3,215	6,023	555	325,138

Investments of Euro 747 thousand mainly concern:

- “Concessions, licenses, trademarks and similar rights”, amounting to Euro 179 thousand, for the issue of the AWP authorisation;
- “Industrial patents and intellectual property rights”, amounting to Euro 55 thousand, for licenses for CRM, game management and reporting;

- “Other”, for Euro 164 thousand, of which Euro 34 thousand for the implementation of software programmes for betting and game management and Euro 79 thousand for the implementation of management software programmes, Euro 49 thousand for AWP game cards for upgrading of games and Euro 2 thousand for new functions in the Comsy system;
- “Assets in progress and advances”, amounting to Euro 349 thousand, of which: Euro 124 thousand for the issue of the AWP machine authorisation and Euro 225 thousand for software, developed in-house and still incomplete.

No financial expenses have been capitalized in intangible assets, since the Group does not have 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 “Concessions” GCU, of which Euro 219,241 thousand generated through acquisition of the concessions business units as from 16 March 2006 and Euro 710 thousand generated by the business combination for the acquisition of the shareholding in “Agenzia Ippica Monteverde S.r.l.” (now merged into SNAI S.p.A.) This CGU is represented by the business related to the horse racing and sports betting concessions, to the concession for the management and operation of the network for the online management of legal gaming machines and the related assets and functions (slot machines - AWP and video-lottery - VLT) and activities related to skill, bingo and casino games;
- Euro 11,137 thousand to the “Betting Services” CGU, contributed by SNAI Servizi Spazio Gioco S.r.l., merged into SNAI S.p.A. in 2002, consisting of the operations connected with the on-line services supplied to betting acceptance points;
- Euro 443 thousand contributed by Teleippica S.r.l. and referring to the Television Services CGU, consisting in the operations related to television services.

In accordance with international accounting standards, and in particular by IAS 36, goodwill is subjected to impairment testing on an annual basis, as at 31 December each year, or more frequently in the presence of indication of possible permanent losses in value.

If the test shows a loss of value, the Group recognises a write-down on the balance sheet.

No events or changes occurred during the first quarter of 2015 which might have required impairment testing on goodwill.

## 16. Shareholdings

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

	Value in accounting statement as at		Percentage held	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014
thousands of Euro				
<b>Associates and subsidiaries that are not fully consolidated</b>				
- Hippogroup Roma Capannelle S.p.A.	1,059	1,059	27.78	27.78
- Alfea S.p.A.	1,256	1,256	30.70	30.70
- Connex S.r.l. in liquidation	0	0	25	25
- Solar S.A.	3	3	30	30
- Teseo S.r.l. in liquidation	0	0	100	100
<b>Total shareholdings measured using the equity method</b>	<b>2,318</b>	<b>2,318</b>		
<b>Other</b>				
- Lexorfin S.r.l.	46	46	2.44	2.44
<b>Total shareholdings in other companies</b>	<b>46</b>	<b>46</b>		

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

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

## 17. Deferred tax assets and deferred tax liabilities

The aggregate amount of the temporary differences and tax losses carried forward are set forth in the following tables, together with the theoretical amount of deferred tax assets and liabilities, and the amounts in the consolidated accounts.

The Group reported deferred tax assets and deferred tax liabilities equal to a net amount of deferred tax assets of Euro 16,505 thousand (the net amount of deferred tax assets, as at 31 December 2014, amounted to Euro 21,411 thousand).

Temporary differences	Amount	Rate	Tax impact	Advances posted	Period of reversal
Taxed provision for doubtful debts	55,620	27.50%	15,296	15,296	2015 and following
Provision for risks	7,917	27.50% - 32.62%	2,577	2,577	2015 and following
Provision for inventory depreciation	204	27.50% - 32.62%	65	65	2015 and following
Difference between the carrying amount and the fiscal value of property, plant and equipment and intangible assets	2,594	27.50% - 32.62%	784	784	2015 and following
Interest Rate Swap	2,197	27.50%	604	604	2015 and following
Interest expense not deducted as per art. 96 of Tuir	86,485	27.50%	23,783	19,683	2015 and following
Other temporary differences	2,025	27.50%	557	557	2015 and following
<b>Total</b>	<b>157,042</b>		<b>43,666</b>	<b>39,566</b>	
Total Tax loss that can be carried forward	Amount	Rate	Tax impact	Gains posted	Usable before
SNAI S.p.A.:					
Fiscal year 2008	7,870	27.50%	2,164	2,164	eligible for being carried forward indefinitely
Fiscal year 2009	10,200	27.50%	2,805	2,805	eligible for being carried forward indefinitely
Fiscal year 2010	29,060	27.50%	7,992	7,992	eligible for being carried forward indefinitely
Fiscal year 2011	27,186	27.50%	7,476	7,476	eligible for being carried forward indefinitely
Fiscal year 2012	34,422	27.50%	9,466	9,466	eligible for being carried forward indefinitely
Fiscal year 2013	75,454	27.50%	20,750	3,425	eligible for being carried forward indefinitely
Fiscal year 2014	12,627	27.50%	3,472	3,472	eligible for being carried forward indefinitely
	<b>196,819</b>		<b>54,125</b>	<b>36,800</b>	
<b>Total prior losses</b>	<b>196,819</b>		<b>54,125</b>	<b>36,800</b>	
<b>Total Deferred tax assets</b>				<b>76,366</b>	

The changes in deferred tax assets:

	31.12.2014	allocations set aside	uses	31.03.2015
Deferred tax assets	80,004	362	(4,000)	76,366

As at 31 March 2015, the directors of SNAI S.p.A. confirmed the assessment of recoverability of the deferred tax assets generated by the temporary differences between the carrying amount and fiscal values of the relevant assets/liabilities, as well as the tax loss resulting from the national tax consolidation scheme, except for the following.

The above-mentioned recoverability is based on the predictions of future positive results in the business plans.

It should be noted that Euro 10,024 thousand of deferred tax assets have been used - with a tax impact of Euro 2,757 thousand - due to the use in the quarter of previous tax loss, up to 80% of the IRES taxable income for the reporting period.

It should be also noted that, on the tax loss resulting from tax consolidation for 2013, recognised deferred tax assets amounted to Euro 3,425 thousand against recordable benefits of Euro 20,750 thousand. In fact, regardless of the fact that the Inland Revenue Office accepted the request filed by the Parent Company on the deductibility, for IRES tax purposes, of amounts paid to settle the dispute with AAMS at the Court of Auditors, equal to Euro 63,000 thousand, the Company's Directors deemed advisable not to record this amount.

That having been said, the total receivables on tax losses amounted to Euro 36,800 thousand, while the tax benefit on off-balance sheet prior losses amounted to Euro 17,325 thousand.

It should be also noted that, as regards retained interest expense as per Art. 96 of the Presidential Decree 917/1986, accrued in 2014, deferred tax assets, equal to Euro 2,708 thousand, were recognised, against benefits amounting to Euro 6,808 thousand.

With reference to deferred tax assets, the "difference between the carrying amount and the fiscal value of property, plant and equipment and intangible assets", of Euro 2,594 thousand with tax effect of Euro 784 thousand, relates mainly to leasing contracts signed in 2007 and prior years (Euro 1,304 thousand with tax effect of Euro 425 thousand).

It is worth noting that the tax consolidation option is currently in force for the 2013-2015 three-year period, as per Art. 117 and seq. of the Presidential Decree no. 917/1986 with the consolidated company Società Trenno S.r.l., and, for the 2012-2014 three-year period, the tax consolidation option is still in force between the consolidating company and the consolidated company Teleippica S.r.l.

The adoption of consolidated taxation may have some beneficial effects on the Group's tax burden, including the possibility of immediate full or partial application of tax losses for the period incurred by the companies participating in the consolidation scheme to reduce the income possessed by the other consolidated companies and to recover the excess interest expense not deducted by the consolidated companies due to the excess of gross operating income (GOI) of the other Companies participating in the consolidation scope.

SNAI S.p.A., as the consolidating entity, is required to make an advance payment on account for the balance of the corporate income tax [IRES] based on the consolidated income statement.

Under the existing agreements, the income tax on the taxable income transferred to the consolidating entity is then paid by set-off against the credit balance created by the advance payments, amounts deducted at source, deductions of tax or transfers for any other reason; any amounts that cannot be offset are payable within 90 days after the Company's receipt of the request from the consolidated companies.

In the event that the consolidated companies transfer tax credits to SNAI S.p.A., that transfer implies an indemnity to those companies in the amount of the tax credits thus transferred.

Benefits deriving from the transfer of tax losses from SNAI S.p.A. will be paid within 90 days from reception by the Parent Company of the request sent by the consolidated company, irrespective of the fact that these losses have been actually used.

The consolidated companies' tax liability with respect to the Inland Revenue Office remains in effect if a higher taxable income for the parent company is assessed as a result of miscalculations in the taxable income reported by the consolidated companies.

Temporary differences	Amount	Rate	Tax impact	Deferred
Tax amortisation of goodwill	(11,000)	27.50% - 32.62%	(3,403)	(3,403)
Tax amortisation of goodwill on business segments	(135,900)	27.50% - 32.62%	(43,251)	(43,251)
Difference between the carrying amount and the fiscal value of property, plant and equipment	(40,366)	27.50% - 32.62%	(13,148)	(13,148)
Other temporary differences	(216)	27.50%	(59)	(59)
<b>Total deferred taxes</b>	<b>(187,482)</b>		<b>(59,861)</b>	<b>(59,861)</b>

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

	31.12.2014	allocations set aside	uses	31.03.2015
Provision for deferred taxes	58,593	1,315	(47)	59,861

Directors of SNAI S.p.A. have decided, in accordance with IAS 12, to record the deferred tax liabilities generated by all of the temporary differences between the carrying values and the fiscal values of the related assets/liabilities. In particular, the acquired business segments are considered business combinations and therefore are recorded using the acquisition method specified by IFRS 3. Therefore, the Company has recognised the identifiable assets and liabilities at fair value at the acquisition date and it recorded goodwill only after having allocated the acquisition cost as described above. Goodwill is not subject to amortisation but to impairment review on at least an annual basis; amortisation for tax purposes is regulated by Art. 103, paragraph 3, of the Presidential Decree 917/1986, which gives rise to deferred tax liabilities.

The "difference between the carrying amount and the fiscal value of property, plant and equipment" of Euro 40,366 thousand with tax impact of Euro 13,148 thousand relates mainly to real estate properties (formerly owned by Trenno) in Milan - San Siro and Montecatini (Euro 37,948 thousand with tax impact of Euro 12,379 thousand), as well as properties and land in Milan owned by the incorporated company Immobiliare Valcarenga S.r.l. (Euro 1,408 thousand with taxes equal to Euro 459 thousand).

## 18. Inventories

Relative to 31 December 2014, inventories increased by Euro 35 thousand. The composition of the "Inventories" item is shown below:

thousands of Euro	31.03.2015	31.12.2014	Change
Raw materials	8	21	(13)
Work in progress	0	8	(8)
Finished products/goods	443	457	(14)
<b>Total</b>	<b>451</b>	<b>486</b>	<b>(35)</b>

The value of inventories is shown net of the provision for inventory depreciation, which, as at 31 March 2015, amounted to Euro 204 thousand (compared with Euro 206 thousand as at 31 December 2014); the decrease is due to the uses for the period.

## 19. Trade receivables

The trade receivables are broken down as follows:

thousands of Euro	31.03.2015	31.12.2014	Change
<b>Trade receivables</b>			
- from customers	127,095	96,757	30,338
- from foreign customers	13	14	(1)
- from MIPAAF	15,699	13,397	2,302
- from stables, jockeys and bookies	684	759	(75)
- from parent Global Games S.p.A.	5	0	5
- actual assets at collection and in portfolio	796	1,176	(380)
- provision for doubtful debts	(52,612)	(53,617)	1,005
<b>Total</b>	<b>91,680</b>	<b>58,486</b>	<b>33,194</b>

Trade receivables from customers included the balances as at 31 December 2015 due from operators for accepting bets (Betting and Gaming Machines), net of the compensation due to those operators, in addition to receivables from operators of gaming machines for the reduction of benefits and remuneration as set forth by the Stability Law. They also include the receivables related to the legal actions of SNAI S.p.A. in the amount of Euro 40,816 thousand (Euro 42,376 thousand).

Receivables from MIPAAF (former ASSI, absorbed by MIPAAF - Ministry of Agriculture, Foodstuff and Forestry Policies), amounted to Euro 15,699 thousand (13,397 thousand) and include:

- Euro 4,997 thousand (Euro 4,216 thousand) for receivables from Società Trenno S.r.l. Of the above amount, Euro 1,862 thousand are related to amounts accrued as at 31 March 2015 regarding fees for the management of racetracks, the remaining amount, equal to Euro 3,135 thousand, relates to receivables from MIPAAF regarding grants for the development and upgrading of city racetracks as well as to amounts to be received for the 2000 Investment Provision for works carried out at the horse racetracks in Milan and Montecatini, net of prior grants and amounts collected for registration of horses at Grand Prix 2014 of the horse racetracks in Milan and Montecatini and amounting to Euro 248 thousand;
- Euro 10,702 thousand (Euro 9,181 thousand), related to the agreement made by Teleippica S.r.l. for transport services, the processing and transmission of video and audio signals from domestic and foreign racetracks, and the production and transmission of the UNIRE BLU channel dedicated to betting shops for “national” horse betting; daily presentation and broadcast of programmes and other connected services.

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

## 20. Other assets

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

thousands of Euro	31.03.2015	31.12.2014	Change
<b>Other non-financial assets</b>			
<i>Tax receivables</i>			
- from Inland Revenue Office for tax refund	91	91	0
- from Inland Revenue Office for taxes under dispute	193	193	0
	<b>284</b>	<b>284</b>	<b>0</b>
<i>Receivables from others:</i>			
- guarantee deposits	1,008	1,488	(480)
	<b>1,008</b>	<b>1,488</b>	<b>(480)</b>
Trade receivables:			
- assets/valuables in portfolio	240	195	45
	<b>240</b>	<b>195</b>	<b>45</b>
<b>Total Other non-financial assets</b>	<b>1,532</b>	<b>1,967</b>	<b>(435)</b>

The increase in guarantee deposits comprise, among other, Euro 300 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 “alleged” winning tickets as a result of the malfunction of the VLT Barcrest platform”, included in Note 28.

Other current assets are composed as follows:

thousands of Euro	31.03.2015	31.12.2014	Change
<b>Other current assets</b>			
<i>Tax Receivables:</i>			
- from Inland Revenue Office for IRES down payment /credit	245	245	0
- from Inland Revenue Office for IRAP down payment/credit	962	962	0
- from Inland Revenue Office for VAT	49	0	49
- Other tax receivables	668	588	80
	<b>1,924</b>	<b>1,795</b>	<b>129</b>
<i>Receivables from others:</i>			
- Gaming Machines guarantee deposit	17,938	14,213	3,725
- Advance concession payment to AAMS	3,637	1,873	1,764
- Receivables from AAMS for winnings on National Horse Racing	555	159	396
- Guarantee deposit for on-line gaming (Skill/Bingo)	180	268	(88)
- Receivables from Skill Games	316	213	103

- Other receivables from Betting Acceptance Points	139	139	0
- Receivables from prior grants from granting bodies	327	327	0
- Receivables from undue payment of interest and sanctions on flat-rate gaming tax (PREU)	2,114	2,114	0
- Receivables from reimbursement of fees on guarantee	0	0	0
- Receivables from Bluline electronic exchange	226	226	0
- Social security entities	241	81	160
- Sundry receivables	2,252	1,792	460
- Provision for doubtful debts from others	(2,470)	(2,118)	(352)
	<b>25,455</b>	<b>19,287</b>	<b>6,168</b>
<i>Accrued income and prepayments</i>			
- Accrued income	0	0	0
- Prepayments	8,781	3,427	5,354
	<b>8,781</b>	<b>3,427</b>	<b>5,354</b>
<b>Total other current assets</b>	<b>36,160</b>	<b>24,509</b>	<b>11,651</b>

The gaming machines guarantee deposit of Euro 17,938 thousand (Euro 14,213 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".

The Advance concession payment, of Euro 3,637 thousand, includes the fixed amounts paid in advance to AAMS for the first half of 2015 and relates to the concession fee for horse race and sports betting and for online gaming. For further details, reference is made to Note 9.

Among the prepayments, the table shows:

- Euro 3,150 thousand (compared to Euro 2,673 thousand), related to advance payments for commissions on guarantees and insurance premiums, essentially related to guarantees provided to secure contractual obligations assumed for the concessions for rights and for gaming machines;
- Euro 4,401 thousand, related to the portion that has not yet accrued of costs envisaged by the Stability Law, approved by the Parliament at the end of December 2014, which envisages, amongst other things, that the total amount of Euro 500 million be charged to the distribution segment of gaming machines (both AWP and VLTs). This amount is apportioned according to the number of machines referable to each single concession holder, as quantified by the Decree no. 4076/2015 issued by ADM on 15 January 2015. According to the aforesaid decree, the amount related to the distribution segment for gaming machines pertaining to SNAI is equal to Euro 37,792 thousand (for further details see Notes 9, 19 and 29);
- Euro 1,230 thousand (Euro 754 thousand), primarily related to costs of maintenance and assistance contracts, etc., that have not yet accrued.

## 21. Financial Assets

Non-current financial assets consist of the following:

thousands of Euro	31.03.2015	31.12.2014	Change
Option rights	245	245	0
AWP deposits	1,499	999	500
<b>Total non-current financial assets</b>	<b>1,744</b>	<b>1,244</b>	<b>500</b>

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

AWP deposits are related to the contract with a sector operator.



Current financial assets consist of the following:

thousands of Euro	31.03.2015	31.12.2014	Change
Escrow accounts and unavailable balances	19,695	19,662	33
Shares in former Società Fiorentina Corse Cavalli for exchange	1	1	0
<b>Total current financial assets</b>	<b>19,696</b>	<b>19,663</b>	<b>33</b>

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

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

Non-current financial assets, the escrow accounts and unavailable amounts held in bank accounts were not included in the Net Financial Position (see Note 39).

## 22. Cash and cash equivalents

The cash and cash equivalents are broken down as follows:

thousands of Euro	31.03.2015	31.12.2014	Change
Bank accounts	93,504	68,100	25,404
Postal deposits	228	326	(98)
Cash in hand	207	203	4
<b>Cash on hand</b>	<b>93,939</b>	<b>68,629</b>	<b>25,310</b>
Bank overdrafts	0	0	0
<b>Net cash and cash equivalents</b>	<b>93,939</b>	<b>68,629</b>	<b>25,310</b>

## 23. Shareholders' equity

The share capital of the parent company, SNAI S.p.A., as at 31 March 2015, entirely subscribed and fully paid up, amounted to Euro 60,748,992.20 (Euro 60,748,992.20 as at 31 December 2014), and is comprised of 116,824,985 ordinary shares (116,824,985 as at 31 December 2014).

The holders of ordinary shares are entitled to receive such dividends as are resolved upon from time to time and are entitled to cast one vote at the Company's meeting for each share they hold.

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

The number of shares and share capital are unchanged with respect to 31 December 2014.

The shares issued are all ordinary shares.

The parent company SNAI S.p.A. does not hold treasury shares, neither directly or through its subsidiaries or associates.

### Reserves

#### Legal Reserve

The legal reserve amounts to Euro 1,559 thousand.

#### Share premium reserve

The share premium reserve, equal to Euro 13,946 thousand, was created following the share capital increase resolved on 14 September 2006, and concluded on 15 January 2007. The amount of that increase, of Euro 219,535 thousand, has been reduced by the ancillary charges, net of the tax effect related to the capital increase of Euro 8,216 thousand, in line with IAS 32. This reserve was utilised, for Euro 103,037 thousand, to cover part of the losses for the year 2010

and the losses for the year 2011 and, for Euro 94,336 thousand, to cover the loss for the year 2013, as resolved by the shareholders' meeting of 29 April 2014.

#### Cash Flow Hedge Reserve

The cash flow hedge reserve was Euro -1,593 thousand and consisted of derivatives being taken directly to equity (see Note 35).

#### Post-employment benefit reserve (IAS 19)

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

#### Profit (loss) carried forward

Profit (Loss) carried forward amounted to Euro 25,309 thousand; movements for the period totalled Euro 26,082 thousand are due to the loss for 2014 year, which is still to be covered by reason of the fact that, on 31 March 2015, coverage had not been resolved yet by the Shareholders' Meeting.

#### **Shareholders' Equity pertaining to minority interests**

As at 31 March 2015, minority interests show a zero balance, given that none of the subsidiaries consolidated on a line-by-line basis have non-controlling interest shareholders.

#### **24. Other components of the comprehensive income statement**

The other components of the comprehensive income statement relate to the recognition of derivatives directly in cash flow hedge reserve in shareholders' equity (for further detail see Notes 35).

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

	<b>Ist Quarter</b>	
	<b>2015</b>	<b>2014</b>
<b>Hedge derivatives:</b>		
Net (loss)/profit from derivatives as cash flow hedges	732	732
Tax impact	(201)	(201)
<b>Hedge derivatives</b>	<b>531</b>	<b>531</b>
<b>Comprehensive profit (loss) for the period</b>	<b>531</b>	<b>531</b>

#### **25. Earnings per share**

##### **Basic earnings per share**

The calculation of the basic earnings/loss per share as at 31 March 2015 was made taking into consideration the loss attributable to the holders of ordinary shares, for Euro 11,436 thousand (31 December 2014: loss of Euro 26,082 thousand) and the weighted average number of outstanding ordinary shares during the period ended 31 March 2015, equal to 116,824,985 shares (31 December 2014: 116,824,985).

The amount was calculated as follows:

<b>in thousands</b>	<b>31.03.2015</b>	<b>31.12.2014</b>	<b>31.03.2014</b>
Gain/(loss) attributable to holders of ordinary shares = gains for fiscal year of group (a)	11,436	(26,082)	2,203
Average weighted number of ordinary shares /1000 (b)	116,824.99	116,824.99	116,824.99
<b>Basic earnings/(loss) per share (a/b)</b>	<b>0.10</b>	<b>(0.22)</b>	<b>0.02</b>

##### **Diluted earnings/(loss) per share**

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

#### **26. Post-employment benefits**

The Post-employment benefits as at 31 March 2015 amounted to Euro 4,598 thousand against Euro 4,602 thousand as at 31 December 2014.

The following table shows the movements therein:

thousands of Euro	
<b>Balance as at 01.01.2015</b>	<b>4,602</b>
Accruals	22
Uses	(40)
Financial expenses	14
<b>Balance as at 31.03.2015</b>	<b>4,598</b>

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

## 27. Financial liabilities

The financial liabilities are comprised of the following:

thousands of Euro	31.03.2015	31.12.2014	Change
<b>Non-current financial liabilities</b>			
Bond loan	464,127	463,561	566
Due for financial leasing	1,030	1,208	(178)
<b>Total other non-current liabilities</b>	<b>465,157</b>	<b>464,769</b>	<b>388</b>
<b>Current financial liabilities</b>			
Current portion of senior bank loans - Bond loan	19,733	19,552	181
Due for financial leasing	1,068	1,151	(83)
Due for interest on bond loans	13,053	2,148	10,905
Due to banks	41	40	1
Due to "Betting Acceptance Points" for the purchase of horse racing and sports Concessions business segments	32	32	0
<b>Total current financial liabilities</b>	<b>33,927</b>	<b>22,923</b>	<b>11,004</b>

The financial liabilities include:

- the bond loans stipulated on 8 November and 4 December 2013 (described in the following paragraphs) are recorded at amortised cost for a total of Euro 483,860 thousand, (nominal value of Euro 500,000 thousand) and stated net of direct ancillary charges. These charges, totalling Euro 21,453 thousand, include professional fees related to the stipulation of the contracts, as well as the tax payable on the assumption of the loan, whose Euro 747 thousand have been charged to the income statement as at 31 March 2015;
- financial liabilities for financial lease contracts, totalling Euro 2,098 thousand, mainly relate to the residual balances on contract for the acquisition of a building situated in Porcari (Lucca) and of technology for use in betting acceptance points, described in greater detail in Note 14, "Property, plant and equipment".

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

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

The "Facility B" notes, issued in the amount of Euro 20,000 thousand, featured the following characteristics:

- issue price: equal to 96% of the nominal value;
- maturity: 18 months from issue except advance reimbursement and redemption provisions as set out by the regulation on the Bond Loan;
- coupon (quarterly): 3-month Euribor + 800 bps (with quarterly increase of further 50 bps until maturity, up to 1000 bps maximum).

The regulation regarding Bond Loans, governed under the British law, provides that, like in other similar transactions, the Company undertakes commitments aimed at safeguarding the credit position of financing entities. Amongst these provisions are the prohibition to distribute dividends before the expiration or the advanced redemption of bonds, as well as restrictions 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 advance redemption of bond/notes. The bonds/notes are not listed on any regulatory market or in any Italian and EU multilateral systems for negotiations.

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

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

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

These procedures are now completed. On 27 November 2013, SNAI entered, as receiving party, a revolving loan contract amounting to Euro 30,000 thousand with UniCredit Bank AG, Milan branch, as agent and security agent and, among others, Deutsche Bank S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A. as lending banks. The Senior Revolving Facility had not been used as at 31 March 2015.

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

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

*amounts in thousands of Euro*

Financial payables	Amount of loan	Duration	Interest period	Due date	Repayment method	Date of payment	Disbursed amount
Senior Secured Notes	320,000	4 and 6 months	6 months	15.06.2018	Bullet	04.12.2013	320,000
Senior Subordinated Notes	160,000	5 years	6 months	15.12.2018	Bullet	04.12.2013	160,000
Facility B notes	20,000	1 year and 6 months	3 months	08.05.2015	Bullet	08.11.2013	20,000
Senior Revolving Facility	30,000		1, 3 or 6 months	15.12.2017	Each loan must be repaid on the last day of the Interest Period. During the availability period, the amounts repaid may be reused.		-
<b>Total</b>	<b>530,000</b>				<b>Total amount disbursed as at 31.03.2015</b>		<b>500,000</b>

## 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 material adverse effects upon the consolidated financial statements.

This section will provide a summary of the most significant proceedings; unless indicated otherwise, no provisions have been made in relation to the disputes described below for which SNAI considers an unfavourable outcome in the proceedings to be simply possible (namely, not probable) or where the amount of such a provision cannot be reliably estimated.

As at 31 March 2015, the provisions for risks and charges amounted to Euro 10,304 thousand; the changes in those provisions are detailed in the following table:

thousands of Euro	Technological renewals	Tax disputes, litigations and contractual risks	Pension fund	Total
<b>Balance as at 31 December 2014</b>	<b>686</b>	<b>10,152</b>	<b>0</b>	<b>10,838</b>
Provisions recognised over the period	79	0	1	80
Releases/Utilisation for the period	0	(614)	0	(614)
<b>Balance as at 31 March 2015</b>	<b>765</b>	<b>9,538</b>	<b>1</b>	<b>10,304</b>

#### **Technological renewals**

The Provision for risks for technological upgrading includes periodical allocations for technological upgrading, as provided for by the concession agreement for the building and running of networks for the online management of legal gaming via entertainment and amusement machines, in accordance with Art. 110, par. 6, of the T.U.L.P.S. [Consolidated Text of Public Safety Laws], as per the Royal Decree no. 773 of 18 June 1931, and following amendments and supplements;

#### **Tax disputes, litigations and contractual risks**

The provision for risks for tax disputes, litigations and contractual risks includes the overall estimated amount required to address risks in the settlement of disputes and relationships with third parties, also regarding taxes, duties and social security issues, in the amount of Euro 9,538 thousand.

The uses for the period, amounting to Euro 614 thousand, are related to transactions with employees and also include related legal fees.

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

In the month of June 2007, AAMS issued contractual penalty notices for the same amounts claimed in the same year by the public prosecutor at the Court of Auditors of the Lazio Region (this last proceeding has now been concluded following the Company's adhesion of the fast track option as per Art. 14 of Law Decree 102/2013).

The Company has lodged an appeal with the Regional Administrative Court (TAR) contesting the AAMS decisions.

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

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

On the basis of the data and criteria developed by the Technical Committee referred to above, and in compliance with the annual ceiling introduced with the last addendum to the contract, AAMS imposed the penalty in question on SNAI S.p.A., which it calculated as a total of Euro 8,480,745.00 (reduced to Euro 7,463,991.85 to meet the reduced ceiling for the year 2005 on the assumption that the Council of State confirms the first three penalties).

SNAI, as a result of partial access to the computer database compiled by SOGEI S.p.A., with its brief of 8 June 2011, nevertheless made point-by-point defensive arguments concerning the method and substance, the reliability and correctness of the charges, reserving the right to expand on those arguments upon gaining complete access to the records.

On 28 September 2011 access to the information was supplemented by on-line queries via the access gateway.

The information extracted is covered in the technical opinion of Prof. Listanti, which formed the basis for the drafting of a supplementary brief filed with AAMS on 27 October 2011.

With memorandum no. 2012/7455/Giochi/ADI dated 17/2/2012 and received on following 27 February 2012, the AAMS imposed on SNAI the penalty under Article 27 (3) (b) of the Concession Agreement in conjunction with Annex 3 (2), for a total amount of around Euro 8.5 million.

On 27 April 2012, SNAI filed notice of appeal to challenge that measure before the Administrative Court, with a request to declare it null and void, while suspending its enforceability pending the final decision.

On 24 May 2012, the Second Section of the Lazio Regional Administrative Court, by virtue of its order no. 1829/2012, suspended the enforceability of the fourth penalty at scheduled the trial on the merits for 20 February 2013.

On 20 February 2013, the hearing was held, and on 17 June 2013, ruling no. 6028/2013 was deposited. With this sentence the Second Section of the Lazio Regional Administrative Court (TAR) upheld SNAI's appeal and, consequently, annulled the AAMS penalty.

On 28 January 2014, SNAI was served with the notice of ADM's appeal against the ruling no. 6028/2013.

On 28 March 2014, SNAI filed a memorandum and a cross-appeal only to the ruling no. 6028/2013 which is unfavourable to the company.

The hearing for discussion of the appeal was set for 26 May 2015.

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

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

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

By Decree of the President of the Lazio Section of the Court of Auditors the reporting trial has been resumed and a deadline set for the related filing. In its defensive brief, SNAI challenged the status ascribed to it, since it does not handle public money subject to the PREU tax. On 27 April 2010 the Regional Prosecutor sent a summons for a hearing to sentence SNAI S.p.A. for non-reporting. The Court, at the preliminary for appearance and discussion held on 7 October 2010 regarding the penalty sought by the Prosecutor for the alleged delay in reporting, heard the arguments for and against SNAI and the other concession holders who underwent the same proceeding.

The attorneys developed analytical arguments on the substantial baselessness of the demands of the investigating Prosecutor and argue that the Court should evaluate their requests for exoneration from responsibility for the delay in light of contemporary reporting procedures based on on-line communication of the data relevant to Sogei S.p.A. instead of applying the rules laid down for someone who "handled" public money in a historical era as far back as 1862.

At the hearing of 7 October 2010, the Court of Auditors, in its ruling no. 2186/2010, totally rejected the Prosecutor's demands charging AAMS with failure to present a judicial account within the deadlines defined by law. On 11 March 2011 SNAI was served notice of the Prosecutor's appeal.

In the view of the Company's legal advisors, the grounds of the appeal may be reasonably overcome; on that basis, technical defences have been prepared for the hearing scheduled for 13 March 2013. At the hearing of 13 March 2013, the matter was deferred to a new hearing on 18 December 2013 and the decision was upheld.

As it did for the appeals of other concession holders, with ruling no. 5 of 3 January 2014, the Court of Auditors deemed that the accounting default claimed by the Prosecutor was actually present. The fine, however, was remarkably reduced from hundreds of millions of euros to Euro 5,000.00, thus accepting the correct calculation of the fine claimed by SNAI.

The Company was served with the above ruling on 3 July 2014, with payment term of 30 (thirty) days. The Company provided for the payment on 10 July 2014.

In addition to the proceedings on the account rendering, in the course of 2012, the auditing trial was initiated to verify the accounts presented to the Reporting Judge appointed by the Presiding Judge of the Court. At the hearing of 17 January 2013, the rapporteur referred, in support of their report, to an opinion provided to AAMS by the United Sections of the Court of Auditors, regarding the new form of court accounting, and the Court adjourned to 16 May 2013, placing copies of that opinion at the disposal of the parties. With ruling no. 448/2013, lodged on 14 June 2013, the Lazio Court of Auditors' Jurisdictional Section stated that the sentence on accounts was ineffective and its decision was transmitted to the Regional Prosecutor for assessing any possible administration liabilities.

SNAI appealed the ruling. At the hearing for discussion before the First Court of Auditors' Jurisdictional Section held on 10 April 2015, the judgement on the case was reserved.

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

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

On 16 April 2012, an anomalous peak of "jackpot" payment requests occurred on the Barcrest System (one of the VLT platforms that the Company used at such time), in connection with tickets which were only apparently winners, for various sums both within and even well beyond the legal limit of Euro 500,000.00.

As a result of that episode - and as a result of the AAMS order to block the system - SNAI S.p.A. immediately blocked access to the Barcrest System to perform the necessary verifications and inspections. Since the aforementioned date, the Barcrest System has not been put back into operation. From the controls carried out, including controls by independent computer experts, it emerged that no Jackpot win was generated by the Barcrest System during the course of the entire day of 16 April 2012.

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

In particular, as at 31 March 2015, two mediations were started and 93 proceedings were filed, including 10 interim orders that were temporarily enforceable and can be summarised as follows:

- in two cases, the gamers obtained an award of about Euro 500,000.00. In one of these cases, after obtaining the suspension of the interim order’s enforceability, SNAI 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 SNAI’s payment to the court of Euro 500,000.00. The Court concluded the proceeding by declaring its own lack of jurisdiction and ordered the release of the guarantee deposit with consequent return of the corresponding amount to SNAI. After 31 December 2014, SNAI obtained the repayment of the corresponding amount paid in the guarantee deposit. In the remaining seven cases, temporary enforceability was suspended pending summary examination of the substantive case. In five of those, the enforcement procedure started was i) discontinued in two cases, ii) suspended in three cases.
- It should be also pointed out that

- i) two cases have in the meantime become extinct due to inactivity on the part of the player;
- ii) an interim order, which is not temporarily enforceable, was revoked after the objection that was filed by SNAI related to the ruling no. 307/2014 issued by the Court of Macerata and filed on 20 March 2014;
- iii) during the case, 2 orders were issued pursuant to Art. 186 of the Italian Code of Civil Procedure (hereinafter “c.c.p.”), of which one was revoked upon motion filed by SNAI. In the other case, the players started a legal action against SNAI, for which the latter filed an objection;
- iv) an objection was defined pursuant to Art. 702 c.c.p. with order of the Court of Prato which rejected, on the merits of the claim, all requests filed by the claimant. The player filed an appeal and the first hearing is scheduled on 10 January 2017;
- v) four proceedings were settled.

In all of the above proceedings, SNAI has and will appear before the Court to challenge the claims for payment based on arguments of fact and law, since, as has already been communicated to the market and to the relevant Regulatory Authority, no “jackpot” was validly obtained at any time during the day of 16 April 2012.

In the course of 2012, SNAI summoned Barcrest and its parent to sue for compensation for of all types of damage and loss resulting from the malfunction on 16 April 2012. The summoned companies appeared before the Court to challenge SNAI’s claims and asking the payment of alleged amounts receivable and of damage to be determined in the course of the proceedings. Due to various postponements, the first hearing was scheduled on 27 November 2014. For this hearing, the Judge granted legal time limits for the filing of briefs pursuant to Art. 183, par. VI of the Italian Code of Civil Proceedings, with effect beginning from 15 January 2015, and postponed the case to 27 May 2015.

In the last months of 2014 and in the first weeks of 2015, negotiations continued between SNAI, on the one side, and Barcrest Group Limited and The Global Draw Limited on the other side, to reach an amicable settlement of the legal dispute as well as of a series of pending cases which arose between the parties following the well-known events occurred in April 2012, for which on 19 February 2015, a transaction with the companies involved and their parent company Scientific Games Corporation was concluded. Due to the above, SNAI waived the actions in the Roman case that, at the same date, following the joint request submitted by the parties, was declared cancelled, with legal expenses offset, and reached an agreement with the above companies on pending cases and the payment of damages and costs already borne, including some guarantees on the cases.

In light of the considerations set forth above and the opinions of our own legal advisers, the managers consider that the risk of the Company losing is may be classified as merely possible.

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

The directorate general of AAMS has, through 107 different decisions, given notice of the revocation of the authorization, and the expiry/termination of rights, for failure to activate and/or unauthorized suspension of gaming (with reference to 107 rights assigned to SNAI further to the “Bersani” tender procedure) and with reference to three measures giving notice of start of proceedings for the revocation of authorization and termination of the right by AAMS (with reference to 3 rights assigned to SNAI further to the “Bersani” tender procedure), the Company promptly brought the matter before the Lazio Regional Administrative Court.

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

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

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

With AAMS notice no. 2009/20716 of 29 May 2009, AAMS demanded that SNAI pay the minimum guaranteed amounts for the year 2008, for a total of approximately Euro 11.1 million. On 17 September 2009, the Company, acting through its legal adviser, filed a special appeal with the Lazio Regional Administrative Court for the suspension and subsequent cancellation of the decisions requiring the minimum payments for the year 2008.

With ruling no. 10860/2009 published on 5 November 2009, the Lazio Regional Administrative Court has upheld the appeal submitted by SNAI, therefore cancelling AAMS's demands related to the year 2008.

A similar procedure was performed for the AAMS's demand for 2009 in relation to 204 horse racing betting concessions for a total amount of Euro 7.4 million, against which an interim application was brought before the Lazio Regional Administrative Court, with a view to accelerating resolution of the dispute.

Following numerous litigation brought before the same Court by a large number of betting acceptance points concession holders related to the guaranteed minimum fees for the years 2006 and 2007, the Court pronounced the rulings nos. 6521 and 6522 of 7 July 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 concession holders existing prior to the opening of market pursuant to Law Decree no. 223/06 (the so-called Bersani reform). The Regional Administrative Court (TAR) declared that 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.

Based on the foregoing, it can reasonably be assumed that SNAI shall benefit, in all of its directly-held concessions, from the complete reshaping of the requests advanced by 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 was posted under receivables from AAMS, as it is now considered recoverable; and the Parent Company has informed AAMS that it would be seeking to enforce its rights in all appropriate venues, in order to have a recalculation on an equitable basis of all the amounts requested, and an evaluation of the conduct of AAMS. Recently, upon the appeal of the Company and other concession holders, the Lazio Regional Administrative Court 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 sports and horse racing betting.

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 for the abovementioned guaranteed minimum amounts related to the year 2006 paid by SNAI S.p.A. to AAMS in prior years has been offset against current liabilities, connected to former ASSI amounts.

On 12 January 2012, AAMS notified 226 requests for payment of minimum guaranteed amounts to which the following is to be added: - two payment requests, addressed to the former Agenzia Ippica Monteverde S.r.l., of minimum guaranteed amounts for the years 2006-07-08-09-10 for a total amount of Euro 25,000 thousand on the assumption that the "safeguarding methods", previously not in place, had expressly been provided for by Article 38 (4) of Law Decree no. 223/06; it has now become apparent, however, that it was impossible to adopt a standard for calculating minimum guaranteed amounts, other than the standard that had already been repeatedly censured by several Lazio Regional Administrative Court rulings, some of which have now become *res judicata*. SNAI submitted an appeal to the Lazio Regional Administrative Court for the annulment of those orders after suspending their immediate enforceability pending the final ruling. The hearing for discussion of the interim application was set for 21 March 2012.

By virtue of order no. 1036/2012 of 22 March 2012, the Second Section of the Lazio Regional Administrative Court, also acknowledging the steps taken to resolve the longstanding question of the safeguarding measures, temporarily suspended the effectiveness for the new requests to pay the minimum guaranteed amounts for 2006-2010, fixing the hearing on 5 December 2012.

On 20 June 2012, AAMS notified 226 requests for payment of minimum guaranteed amounts to which the following is to be added: - one payment request, addressed to the former Agenzia Ippica Monteverde S.r.l., of minimum guaranteed amounts for the years 2006-07-08-09-10-11 for a total amount of Euro 24.9 million.

Compared to the previous round of demands of January 2012, this one, on the negative side, shows the addition of the supplements owed for the year 2011, which had not yet been demanded by AAMS and, on the positive side, a 5% reduction in the amount demanded pursuant to Article 10 (5) (b) of Law Decree no. 16 of 2 March 2012 converted into Law no. 44 of 26 April 2012.

This Article has provided, in respect of the "amounts for collection pursuant to article 12 of Presidential Decree no. 169 of 8 April 1998, as supplemented (the "minimum guarantee amounts")", "the equitable definition, of a reduction not higher than 5 per cent of the sums still payable by the concession holders, pursuant to said Presidential Decree no. 169 of 1998, with identification of the modalities of payment of such amounts, and adjustment of the guarantees".

On 20 July 2012, an application was made to the Lazio Regional Administrative Court for the interim suspension and subsequent cancellation of those requests of payment.

Following the hearing on 12 September 2012, the Second Section of the Lazio Regional Administrative Court ruled that the notices amounted to simple offers of settlement, and did not have the effect of further requests, where not accepted by the concession holder. This interpretation of the requests received and the underlying Law Decree 16/2012 leaves the Company open to defend any attempt to that AAMS might pursue for a forced collection of the



amounts; on the other hand, confirms the suspension of similar requests that AAMS issued on 30 December 2011, already suspended on an interim basis by the same court, in order no. 1036/2012.

Additional reasons have also been proposed for the further request of guaranteed minimum amounts in connection with the bet concession no. 426, similar to those previously contested, but which was notified by AAMS only on 7 August 2012.

At the hearing scheduled for 5 December 2012, together with that already fixed in connection with the appeals against the previous orders to pay the minimum guaranteed amounts, the Court reserved the decision.

Through ruling no. 1054, filed on 30 January 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 2012 for lack of interest in the lawsuit.

For the entire duration of the proceedings before the Constitutional Court, the suspension of the proceedings continues to operate, to the benefit of SNAI, preventing AAMS from enforcing the requests. The hearing before the Court was held on 8 October 2013 and the decision was upheld.

With ruling no. 275 of 20 November 2013, the Constitutional Court claimed the inconsistency with the Italian Constitution of Art. 10, par. 5, lett. b) of the Law Decree no. 16/2012 as regards the wording "*not higher than 5 per cent*".

The above wording is therefore cancelled which limited the settlement of pending cases on guaranteed minimum amounts, with a discount that should have remained "*not higher than 5 per cent*".

On 6 June 2013, SNAI was served with 98 payment claims regarding guaranteed minimum amounts related to 2012, for a total amount of Euro 3,328,018.72. As for previous notices, SNAI objected such notices before the Lazio Regional Administrative Court, asking for their cancellation.

At its hearing on 6 June 2014, the Second Section of the Lazio Regional Administrative Court took on both cases for ruling.

With rulings no. 7323/14 of 10 July 2014 and no. 8144/14 of 24 July 2014 - featuring the same content - the relevant Court, while acknowledging the unconstitutionality of Art. 10, paragraph 5, letter b) of the Law Decree no. 16/2012, cancelled the payment orders of the guaranteed minimum amounts related to years 2006-2012, which calculated an unreasonable "fair discount" of only 5%.

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

### **Penalties for exceeding the AWP quotas**

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

### **Other Disputes**

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

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

to accept and declare the liability of SNAI for breach of its contractual obligations, in particular of the right to commercial exclusivity, under clauses 3 and 4 of the Contract dated 29 June 2005; to condemn SNAI to pay compensation in an aggregate amount of over Euro 100 million, or such other amount as may be established in the course of the proceedings.

The case was investigated and the hearing was postponed to 10 December 2010 to allow for clarification of the pleadings and then postponed again ex officio to 17 June 2011. Having clarified the pleadings, SNAI filed a motion for consolidation with another case brought by the same party (described below) pending before the Court of Lucca, Mr. Giunti 4810.10).

By order of 10 February 2012, the Court lifted its reservation made at the hearing of 17 June 2011 and the judge forwarded the case to the President of the section for combination of the lawsuits or the reassignment of lawsuit 4810/2010 to Mr. Capozzi who had investigated the first proceedings.

- Case 4810/2010. By the writ of summons served on 16 November 2010, SNAI S.p.A., in light of the grossly negligent breach of obligations under the Contract of 29 June 2005, sued Omniludo S.r.l. before the Court of Lucca, petitioning the Court as follows:
  - 1) to find and declare Omniludo S.r.l. to be in breach of trust and of the obligations under the aforementioned contract;
  - 2) to find and declare the Contract of 29 June 2005 to be terminated on the grounds of Omniludo's serious breaches of its contractual and statutory obligations;
  - 3) to order the defendant to pay damages to the extent (conservatively) indicated of Euro 40,000,000.00, without prejudice to a different equitable settlement and clarification of the quantum in the case records in accordance with Article 183/6 of the Code of Civil Procedure (hereinafter "c.c.p.") to compensate for both lost profits and the injury caused to the image and goodwill.

At the same time, SNAI submitted a motion under Article 163-bis of the c.c.p. to accelerate the date of the trial, which was granted by decision of the Presiding Judge of the Court of Lucca, who scheduled the trial for 07 January 2011.

The case was investigated and the hearing was postponed to 11 December 2013.

By order of 12 March 2012, the Presiding Judge of the Court ordered that the case 4194/07 be convened jointly with case 4810/2010 at the hearing of 11 December 2013 before Judge Frizilio with a view of their possible consolidation.

The aforementioned ruling was appealed by OMNILUDO on 03 April 2012. The Presiding Judge of the Court, holding that the substantive requirements were met for grouping of the proceedings, ordered on 26 June 2012 that the case be referred to Judge Frizilio for the purposes of arranging the consolidation and clarification of the pleadings.

Indeed, at the hearing of 11 December 2013 the Judge decided on the grouping of all pending proceedings for the case no. RGNR 4194/2007 and on the postponement of the hearing on 17 March 2014. Once the conclusions had been specified, the judge indicated the deadlines for submission of the closing briefs.

With ruling no. 1772/2014, the Judge rejected the claim for damages filed by Omniludo and the cross-claim filed by SNAI.

#### ***Stefano Tesi vs. SNAI***

By means of a notice of appeal served to SNAI in accordance with Art. 702 of the c.c.p. on 19 October 2011, Mr Stefano Tesi summoned SNAI S.p.A to a hearing scheduled by the Judge for 26 January 2012. The Court ordered SNAI to pay Euro 13,476,106.10 - or whatever amount the court deems fair - plus legal expenses, on the grounds the defendant had not yet paid the "extraordinary" amount that the plaintiff won via 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 winnings in excess of Euro 500,000.00, and in turn suing the manufacturer of the VLT in question, as the event was probably due to a defect in the machine. Following the submission of the motion for postponement by SNAI in order to summon the third party (BARCREST Group Limited, based in the United Kingdom), the Ordinary Judge of the Court of Lucca postponed the hearing to 03 July 2012. At that hearing, at which the BARCREST Group appeared, the Court withheld its decision. By an order lifting that reservation, the Investigating Judge ordered the transfer to ordinary proceedings and committed the case for trial on 09 October 2012 in accordance with 183 of the c.c.p. At that hearing the case was postponed until 12 March 2013 for admission of pre-trial motions. At the hearing of 12 March 2013, certain questions for witnesses formulated by SNAI were admitted but not those of Tesi. At the hearing of 28 May 2013, the case was postponed to 02 July 2014 for clarification of the pleadings. Once the pleadings had been clarified, the judge indicated the deadlines for submission of the closing briefs and the responses. With ruling of 10 November 2014, the Court of Pistoia rejected the claim of Stefano Tesi and ordered him to pay the legal expenses.

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

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

Based on the opinions of their legal advisers, the Directors assessed the risk of losing the case as more than possible.

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

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

The matter had a first conclusion in 2003 with the "Di Majo award", under which an Arbitration Panel, chaired by Prof Di Majo, and called to resolve the dispute, found that the Ministries were liable and ordered them to compensate the concession holders.

The compensation awarded to SNAI by 30 June 2006 would be on the order of Euro 2,498 thousand.

The compensation for the following years has not yet been determined in its entirety.

The defeated Ministries filed an appeal against that ruling before the Rome Court of Appeal.

At the trial scheduled for 14 December 2012, the judgement on the case was reserved.

In addition to those legal events, on 22 June 2010 Assosnai (Association of the category of concessionaires) sent AAMS a memorandum in which it proposed a hypothetical settlement of the dispute consisting in: 1) offsetting the horseracing concessionaires accounts receivable from those Ministries against the horseracing concessionaires' accounts payable to AAMS (with an express waiver of the interest accrued on those accounts receivable, of monetary revaluation and of the enforcement actions initiated) and 2) the abandonment by said Ministries of the trial before the Rome Court of Appeal.

AAMS addressed a formal legal query to the State Attorney General regarding the memoranda sent by Assosnai and informed Assosnai that the State Attorney General confirmed the admissibility of the proposed settlement of the dispute.

To date, the settlement agreement has not yet been signed.

Offsetting of the accounts receivable from the Di Majo Arbitration has already been authorised by a decree issued by the AAMS in any case, and SNAI has arranged for such offsetting in the amount of Euro 2,498 thousand regarding the receivables directly attributable to SNAI as concession holder.

Based on the above authorisation for offset, some subjects who are no longer concession holders, assigned their receivables resulting from the Di Majo Award to SNAI which provided for the offsetting of the entire amount of receivables acquired, in the amount of Euro 19,065 thousand. The consideration paid for these receivables has been temporarily put into escrow accounts awaiting the pronouncement of the Court of Appeal of Rome, or, in any case of the final decision.

With ruling no. 2626 of 21 November 2013, the Court of Appeal in Rome sentenced that the Di Majo Award was void for contested jurisdiction, i.e. the Arbitration Panel decided upon matters not consistent with its competence.

SNAI appealed (service on 21 May 2014 and submission to the Court of Cassation thereafter on 10 June).

## **Allegations by AAMS regional offices related to the 2006 PREU**

This dispute regards 41 notices and/or assessment notices issued by the regional offices of AAMS, which set out the meter readings for gaming machines (AWP), pursuant to article 110, paragraph 6 a, of the Italian law "TULPS".

The aggregate amount of Penalties and PREU claimed is Euro 786,876.85 (Euro 193,427.76 in penalties + Euro 593,449.09 in PREU) plus interest.

SNAI has filed an appeal with the appropriate Provincial Tax Commission against the assessment notices resulting from the complaints, with an initial petition to suspend the enforceability of the challenged assessment notice.

With reference to the procedures further thereto:

- in relation to 4 notices of assessment, AAMS has issued a decision for their cancellation as a form of self-remedy (and setting aside);
- in relation to 1 proceeding, the suspension was accepted and the appropriate Regional Tax Commission, after the hearing, rejected the recourse filed by SNAI. SNAI filed an appeal with the appropriate Regional Tax Commission. The hearing was held on 20 April 2015 and the Regional Tax Commission reserved on the decision;
- for 15 proceedings, the hearings on the merits and suspension of provisional enforceability as at 5 June 2013 have been accepted and on 24 July 2013 the Court lifted its reservation and rejected the appeal filed by SNAI. SNAI has appealed these rulings before the appropriate Regional Tax Commission and we are waiting for a hearing date to be set;
- for one proceeding, at the hearing of 4 March 2015 held to decide on the suspension, the CTP accepted the appeal filed by SNAI and suspended the enforceability. The hearing on the merits will be held on 6 May 2015;
- for 1 proceeding, the hearings on suspension were held on 12 December 2014. The CTP lifted the reserves taken in the first hearing and rejected the appeal of suspension without fixing any hearing on the merits;
- for 18 proceedings, the judgement has been issued upholding the appeals filed by SNAI, of which three are referred to the closing of the litigation. AAMS has appealed the remaining 15 rulings before the relevant Regional Tax Commission and SNAI has submitted its own objections. Of which: 7 proceedings are still pending at the Supreme Court following ADM's appeal against the decision of the Regional Tax Commission which confirmed the first instance proceeding thus rejecting ADM's request; for 8 proceedings the hearings have not yet been scheduled;
- for 1 proceeding, SNAI's appeal was rejected. SNAI filed an appeal with the appropriate Regional Tax Commission. The appeal was rejected and the first instance ruling confirmed.

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

#### **Allegations by AAMS regional offices related to the 2007 PREU**

This dispute regards 12 notices and/or assessment notices issued by the regional offices of AAMS, which set out the meter readings for gaming machines (AWP), pursuant to article 110, paragraph 6 a, of the Italian law "TULPS".

The aggregate amount of Penalties and PREU claimed is Euro 82,101.58 (Euro 49,683.24 in penalties + Euro 32,418.34 in PREU) plus interest.

SNAI has filed an appeal with the appropriate Provincial Tax Commission against the assessment notices resulting from the complaints, with an initial petition to suspend the enforceability of the challenged assessment notice.

With reference to the procedures further thereto:

- for 1 assessment notice, AAMS issued a decision for its cancellation (and setting aside);
- for 2 proceedings, the ruling has been issued upholding the appeals filed by SNAI with ruling no. 62/13. Two appeals before the relevant Regional Tax Commission were filed. SNAI filed counter-appeals and the hearing is to be set;
- for 5 proceedings, we are awaiting that the appropriate CTP fixes the hearings on the merits and suspension of provisional enforceability;
- for 2 proceedings, the hearings on suspension were held on 16 October 2014 and the appropriate CTP reserved on the decision;
- for 1 proceeding, we are awaiting the scheduling of hearings on the merits and suspension;
- for 1 proceeding, on 04 July 2013 after brief discussion, the CTP reserved on the decision. Upon lifting of its reservation, the CTP rejected the suspension request and postponed the discussion to a new hearing. A new hearing has to be set.

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

#### **Allegations by AAMS regional offices related to the 2008 PREU**

This dispute regards 8 notices and/or assessment notices issued by the regional offices of ADM (formerly AAMS), which set out the meter readings for gaming machines (AWP), pursuant to article 110, paragraph 6 a, 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.

In particular, two notices are worth noting, the amount of which is still undetermined, for which SNAI filed defensive briefs before the relevant CTP. Given the lack of the outcome related to the evaluation of defence deeds and the following assessment notice, the case can be considered as expired. - in relation to 6 assessment notices (followed by 4 notices for which SNAI filed defensive briefs), for a total amount of approximately Euro 380,000.00. SNAI has filed appeals against the above notices before the relevant Tax Commission. We are awaiting the dates to be set for the hearing on the merits and suspension.

#### **Additional penalties for exceeding the AWP quotas by Regional Offices**

This relates to 130 notices served 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 Departmental Decree 2011/30011/giochi/UD. The amount involved is based on the possibility of making a reduced payment and it is not yet determinable. Pending assessment of the individual position, SNAI has provided as follows:

- to make a reduced payment for 47 notices amounting to approximately Euro 24,600;
- to submit defensive briefs for 83 notices, of which 22 have been archived.

After 31 March 2015, 2 notices were served.

#### **Quotes of 2 October 2012**

Due to a malfunctioning on 2 October 2012, certain sporting events were offered and quoted, - for a few minutes only - with evidently incorrect quotes, in particular this related to Under/Over 5.5 and Under/Over, second half 0.5 bets.

Some players noticed the anomaly, took advantage of it and placed a series of straight and system bets, both on physical network and online through the website [www.SNAI.it](http://www.SNAI.it).

SNAI promptly informed ADM on the situation prior to events relating to those bets.

Certain gamblers have filed legal actions to obtain payment of their winnings.

SNAI is preparing its defence, also in consideration of legal precedents favourable to other concession holders that have published quotes with recognisable errors, and the company will appear in the judgements.

In some cases, however, the players have brought a complaint before the Commission for the transparency of the games at ADM requesting payment of their winnings. With the rulings no. 4/2013, no. 5/2013 and no. 6/2013 published on 29 April 2013, the Commission has upheld three complaints; payment has been sought from ADM. With an appeal

to the Lazio Regional Administrative Court filed on 14 November 2013, SNAI objected the order with which ADM required the payment to one of the complainants. With reference to the above-mentioned order, on 21 March 2014 ADM issued a notice in which, while acknowledging the cancellation decided by the Commission, any intervention was suspended as regards failure to enforce the decision. Considering the nature and the characteristics of the AAMS notices, SNAI decided to not appeal them.

## 29. Sundry payables and other liabilities

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

thousands of Euro	31.03.2015	31.12.2014	Change
<b>Sundry payables and other non-current liabilities</b>			
<i>Tax payables</i>			
- instalments on assessment notice	32	64	(32)
- instalments on flat-rate tax	396	437	(41)
	<b>428</b>	<b>501</b>	<b>(73)</b>
<i>Other payables</i>			
- for instalments related to PREU for previous years	1,651	1,824	(173)
- for guarantee deposit liabilities	11	11	0
	<b>1,662</b>	<b>1,835</b>	<b>(173)</b>
<b>Total sundry payables and other non-current liabilities</b>	<b>2,090</b>	<b>2,336</b>	<b>(246)</b>

Other current liabilities are composed as follows:

thousands of Euro	31.03.2015	31.12.2014	Change
<b>Other current liabilities</b>			
<i>Tax payables</i>			
- income tax	4,913	2,745	2,168
- VAT	453	797	(344)
- Flat-rate tax	10,751	4,964	5,787
- instalments on flat-rate tax	183	181	2
- instalments on assessment notice	270	405	(135)
- other tax debts	572	887	(315)
	<b>17,142</b>	<b>9,979</b>	<b>7,163</b>
<i>Payables to social security institutions</i>			
- Soc. Sec. Entities	2,260	2,711	(451)
	<b>2,260</b>	<b>2,711</b>	<b>(451)</b>
<i>Other payables</i>			
- to AAMS for outstanding PREU	11,595	17,012	(5,417)
- to AAMS for guarantee deposits ADI	1,261	2,638	(1,377)
- for instalments related to PREU for previous years	808	846	(38)
- payables to AAMS for stability law	37,792	0	37,792
- to winners and VLT jackpot reserve	10,128	10,063	65
- VLT required tickets	49	57	(8)
- to AAMS as concession instalment	755	1,582	(827)
- to gamblers for antepost betting	1,584	1,567	17
- to gamblers for wins and refunds on national horse racing/sports forecast betting	2,214	1,678	536
- to ASSI (former U.N.I.R.E.) for fortnightly payments	961	1,115	(154)
- to AAMS for required tickets	323	231	92
- to AAMS for Sports Forecast and National Horse Racing Betting Concession	1,698	1,724	(26)

- for SNAI Card gaming bards	5,892	6,147	(255)
- to On-line Gaming players (Skill/Casino/Bingo)	154	132	22
- for management of On-line Gaming (Skill/Casino/Bingo)	0	1	(1)
- to players for wins in virtual events	196	225	(29)
- to AAMS	21,696	21,573	123
- to employees and collaborators	5,027	4,256	771
- to directors	660	418	242
- to auditors	100	167	(67)
- for guarantee deposits	2,880	2,896	(16)
- to Teseo S.r.l. in liquidation	383	483	(100)
- to parent companies	33	0	33
- to others	2,540	2,500	40
	<b>108,729</b>	<b>77,311</b>	<b>31,418</b>
<i>Accrued liabilities and deferred income</i>			
- accrued liabilities	1,081	265	816
- deferred income	969	851	118
	<b>2,050</b>	<b>1,116</b>	<b>934</b>
<b>Total other current liabilities</b>	<b>130,181</b>	<b>91,117</b>	<b>39,064</b>

The instalments payable on the tax assessment notice of a total of Euro 302 thousand concern the settlement of the assessments and resulting acceptance of the tax assessment notices delivered on November 2011 and July 2013, of which Euro 32 thousand is due within more than 12 months and Euro 270 thousand is due within 12 months. That amount includes the tax, penalties e interest as defined in the final tax assessment notices, with acceptance granted on 5 July 2012 (for the year 2010) and 26 July 2013 (for the year 2011), in which it was also agreed to extend payment through 12 quarterly instalments.

Payables related to the flat-rate tax payable in instalments, amounting to Euro 579 thousand, of which Euro 396 thousand being due after one year and Euro 183 thousand being due within one year, comprise the residual amount to be paid for fines and interest payable for the delayed payment of the 2009-2010 flat-rate tax.

The PREU payables related to instalments for previous years, amounting to Euro 2,459 thousand, of which Euro 1,651 thousand being due after one year and Euro 808 thousand being due within one year, comprise fines and interest payable for the delayed payment of the 2007 and 2009-2010 PREU tax.

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

The item Payables to AAMS due to the Stability Law is related to costs provided for by the Stability Law approved by the Parliament at the end of December 2014, which also charged the total amount of Euro 500 million to the distribution segment of Gaming Machines (AWPs and VLTs). This amount is apportioned according to the number of machines referable to each single concession holder, as quantified by the Decree no. 4076/2015 issued by ADM on 15 January 2015. According to the aforesaid decree, the amount related to the distribution segment for gaming machines referable to SNAI is equal to Euro 37,792 thousand. 40% of the annual amount is to be paid within 30 April 2015, and the remaining 60% within 31 October 2015 (see Notes 9, 19, and 20).

The Other payables to AAMS item, totalling Euro 21,696 thousand, mainly relates to draw downs which were offset by receivables (acquired or original) from the Di Majo Award. On 21 November 2013, the Court of Appeal in Rome declared the Di Majo Award as void and ineffective. Given the fact that the sentence is enforceable, compensations have been cancelled. When ADM requires the payment, SNAI will have the faculty to dispose of the amounts on the escrow current accounts jointly managed with Agisco. For further details, see Note 21.

Payables to AAMS for outstanding PREU, in the amount of Euro 11,595 thousand, are calculated from the gaming machine transactions.

The Deferred income item, amounting to Euro 969 thousand, is related, in the amount of Euro 759 thousand, to the portion of the grants to the former ASSI investment fund recognised as grants related to investments.

### 30. Trade payables

The trade payables are composed as follows:

thousands of Euro	31.03.2015	31.12.2014	Change
<b>Trade payables</b>			
- to suppliers	25,404	29,515	(4,111)
- to stables, jockeys and bookies	153	153	0
- to foreign suppliers	1,196	3,798	(2,602)
- advances paid to suppliers	(1,236)	(969)	(267)
- credit notes to be received	(238)	(298)	60
- to associate Connex S.r.l. in liquidation	0	186	(186)
<b>Total trade payables</b>	<b>25,279</b>	<b>32,385</b>	<b>(7,106)</b>

### 31. Overdue accounts payable

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

(amounts in thousands of Euro)

Current liabilities	Balance as at 31.03.2015	of which due on 31.03.2015
Financial payables	33,927	-
Trade payables	25,279	8,001
Tax payables	17,142	-
Payables to social security institutions	2,260	-
Other payables	108,729	-
	<b>187,337</b>	<b>8,001</b>

Trade payables: the amounts due as at 31 March 2015, i.e. Euro 8,001 thousand, related to the normal transactions with suppliers of services and materials; these amounts have been mostly paid after 31 March 2015. In certain cases, a new due date has been set. To the present date, no supplier has taken any initiatives in response.

### 32. Share based payments

On 29 April 2014, the Shareholders' Meeting of SNAI S.p.A. approved, among other things, the proposal for the remuneration plan pursuant to article pursuant to Art. 114-bis of Law Decree 58/98 regarding a Remuneration Instrument for the Chairman and Managing Director Giorgio Sandi, by virtue of his key position within the Company and fundamental role within the Company's development process.

This Plan includes a one-off, extraordinary bonus, in cash (the "Cash Bonus") or shares (the "Share-Based Bonus" and the Cash Bonus, together the "Extraordinary Bonus"), upon occurrence of some events connected with the Company's change of control.

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

- I. The Cash Bonus will be paid by the company in the event that an entity other than the current controlling shareholder of SNAI makes, by 31 December 2021, a tender offer, whether voluntary or mandatory, on the company shares (the "OPA" [public offering]) due to which or upon conclusion of which an exchange of control takes place.
- II. The Share-based Bonus will be paid by the company if, by 31 December 2021:
  - there is a merger by the company (the "Merger") upon conclusion of which an exchange of control takes place;
  - the company carries out a share capital increase upon conclusion of which an exchange of control takes place (the "Increase");
  - an entity other than the current controlling shareholder of SNAI makes an exchange tender offer on the company shares ("OPS") due to or upon conclusion of which an exchange of control takes place.

The Share-based Bonus, where attributed, will consist, in the event of a merger, in a number of shares of the company ensuing from the merger and, in the event of an increase or OPS, in a number of shares of the company. Upon fulfilment of the Conditions, the Extraordinary Bonus will be attributed exclusively in the event in which the price per SNAI share is equal to or higher than Euro 4.1. In that case, the extent of the Cash Bonus or the Share-based Bonus will be determined based on the following table:

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

In the event of a termination of contract between the director and the company due to death or permanent invalidity or termination without just cause, or failure to renew the office, subsequently to the approval of the financial statements for the period ended 31 December 2015, for a subsequent mandate, the CEO will be entitled to a portion of the Cash Bonus or the Share-based Bonus, always provided the conditions above are fulfilled, and it will be determined according to different percentages.

The fair value of this instrument on the assignment date is equal to Euro 4,454 thousand.

The fair value as at 31 March 2015 is equal to Euro 3,238 thousand.

The liabilities as at 31 March 2015 which should be recognized in the financial statements amount to Euro 422 thousand, but given that the conditions this plan is subject to are not considered to be probable by the company as at 31 March 2015, in line with the instructions provided by IFRS 2, no cost or liability were recognised in the financial statement ended 31 March 2015.

### 33. Financial commitments

In addition to what is stated regarding financial liabilities, the Group has undergone financial commitments related to the granting of guarantees for a total amount of Euro 124,689 thousand as at 31 March 2015 (Euro 128,064 thousand as at 31 December 2014).

As regards values disclosed in the financial statements as at 31 December 2014, the changes occurred in financial commitments are disclosed hereunder:

Bank	Beneficiary	Subject matter of the guarantee	Increases/(decreases) as at 31.03.2015 (thousands of euro)
UNICREDIT	AAMS	For the timely and exact payment of PREU and security deposit	128
UNICREDIT	CONSEJERIA DE HACIENDA DE LA COMUNIDAD DE MADRID	To guarantee the registration in the general gaming register of the Madrid region	(3)
UNICREDIT	POSTEMOBILE S.p.A	To guarantee the exact fulfilment of all the obligations undertaken with the contract for the provision of mobile telephone recharges	(40)
UNICREDIT	CONSEJERIA DE HACIENDA DE LA COMUNIDAD DE MADRID	To guarantee the registration in the general gaming register of the Madrid region	(60)
BANCA DI CREDITO COOPERATIVO DI CAMBIANO	VODAFONE OMNITEL B.V.	To guarantee prompt and entire fulfilment of obligations related to the agreement	(400)
UNICREDIT	MEDIO CREDITO ITALIANO S.p.A	Tim's phone top-ups	(3,000)
<b>Total</b>			<b>(3,375)</b>



### 34. Related Parties

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

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

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

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

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

thousands of Euro	31/03/2015	% Impact	31/12/2014	% Impact
<b>Trade receivables:</b>				
- from Global Games S.p.A.	5	0.01%	-	0.00%
	<b>5</b>	<b>0.01%</b>	<b>-</b>	<b>0.00%</b>
<b>Other current assets:</b>				
- from Companies related to directors of SNAI S.p.A.	3	0.01%	-	0.00%
- from Alfea S.p.A.	-	0.00%	1	0.00%
	<b>3</b>	<b>0.01%</b>	<b>1</b>	<b>0.00%</b>
<b>Total Assets</b>	<b>8</b>	<b>0.00%</b>	<b>1</b>	<b>0.00%</b>
<b>Trade payables:</b>				
- from Companies related to directors of SNAI S.p.A.	2	0.01%	15	0.05%
- to Connex S.r.l. in liquidation	-	0.00%	186	0.57%
	<b>2</b>	<b>0.01%</b>	<b>201</b>	<b>0.62%</b>
<b>Other current liabilities:</b>				
- from Companies related to directors of SNAI S.p.A.	10	0.01%	-	0.00%
- to Companies related to shareholders of SNAI S.p.A.	23	0.02%	-	0.00%
- to directors di Teleippica S.r.l.	-	0.00%	1	0.00%
- to Teseo S.r.l. in liquidation	383	0.29%	483	0.53%
	<b>419</b>	<b>0.32%</b>	<b>484</b>	<b>0.53%</b>
<b>Total Liabilities</b>	<b>421</b>	<b>0.06%</b>	<b>685</b>	<b>0.10%</b>

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 Quarter of 2015	% Impact	1st Quarter of 2014	% Impact
<b>Revenues from services and chargebacks:</b>				
- from Companies related to directors of SNAI S.p.A.	1	0.00%	-	0.00%
	<b>1</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>
<b>Other revenues</b>				
- from Global Games S.p.A.	1	0.00%	1	0.55%
	<b>1</b>	<b>0.00%</b>	<b>1</b>	<b>0.55%</b>
<b>Total revenues</b>	<b>2</b>	<b>0.00%</b>	<b>1</b>	<b>0.00%</b>

**Costs for services and chargebacks:**

- from Companies related to directors of SNAI S.p.A.	2	0.00%	162	0.18%
- to directors di Teleippica S.r.l.	20	0.02%	20	0.02%
- from Connex S.r.l. in liquidation	-	0.00%	150	0.17%
	<b>22</b>	<b>0.02%</b>	<b>332</b>	<b>0.37%</b>

**Other operating costs:**

- to Companies related to directors of SNAI S.p.A.	3	0.04%	3	0.03%
- from Connex S.r.l. in liquidation	-	0.00%	1	0.01%
	<b>3</b>	<b>0.04%</b>	<b>4</b>	<b>0.04%</b>

<b>Total costs</b>	<b>25</b>	<b>0.02%</b>	<b>336</b>	<b>0.34%</b>
--------------------	-----------	--------------	------------	--------------

Revenues from services and chargebacks and other income impact the EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) in the amount of 0% in the first quarter of 2015 and 2014, whereas the total income impacts the profit/(loss) for the first quarter of 2015 in the amount of 0.02% (0.05% in the first quarter of 2014).

Costs for raw materials and consumables, services and chargebacks and other operating costs affect the EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) in the amount of 0.05% in the first quarter of 2015 (0.95% in the first quarter of 2014), whereas total costs affect the profit/(loss) for the first quarter of 2015 in the amount of 0.22% (15.25% in the first quarter of 2014).

As required by CONSOB's Notice ref. 10084105 of 13 October 2010, the following table shows relations with related parties of the Parent Company SNAI S.p.A. as at 31 March 2015.

thousands of Euro	31.03.2015	31.12.2014
<b>Trade receivables:</b>		
- from Global Games S.p.A.	5	-
- from Società Trenno S.r.l.	246	218
- from Festa S.r.l.	-	2
- from Teleippica S.r.l.	101	70
<b>Total trade receivables</b>	<b>352</b>	<b>290</b>
<b>Other current assets:</b>		
- from companies related to directors	3	-
- from Società Trenno S.r.l.	-	65
- from Festa S.r.l.	-	1,197
- from Immobiliare Valcarenga S.r.l.	-	86
- from Teleippica S.r.l.	1,508	1,468
- from Alfea S.p.A.	-	1
<b>Total other current assets</b>	<b>1,511</b>	<b>2,817</b>
<b>Financial receivables:</b>		
- from Società Trenno S.r.l.	4,618	2,614
- from Teleippica S.r.l.	132	-
<b>Total financial receivables</b>	<b>4,750</b>	<b>2,614</b>
<b>Total Assets</b>	<b>6,613</b>	<b>5,721</b>
<b>Trade payables:</b>		
- to companies related to directors	2	15
- to Società Trenno S.r.l.	77	141
- to Festa S.r.l.	-	3
- to Teleippica S.r.l.	328	330
- to Connex S.r.l. in liquidation	-	183
<b>Total trade payables</b>	<b>407</b>	<b>672</b>
<b>Other current liabilities</b>		
- to companies related to directors	10	-
- to Global Games S.p.A.	3	-
- to Società Trenno S.r.l.	6,084	5,722

- to Festa S.r.l.	-	547
- to Teleippica S.r.l.	98	-
- to Teseo S.r.l. in liquidation	383	483
- to companies related to shareholders	23	-
<b>Total other current liabilities</b>	<b>6,601</b>	<b>6,752</b>
<b>Current financial payables:</b>		
- to Festa S.r.l.	-	3,066
- to Immobiliare Valcarenga S.r.l.	-	255
- to Teleippica S.r.l.	-	1,612
<b>Total current financial payables</b>	<b>-</b>	<b>4,933</b>
<b>Total Liabilities</b>	<b>7,008</b>	<b>12,357</b>

Assets are stated net of the related provision.

thousands of Euro	1st Quarter of 2015	1st Quarter of 2014
<b>Revenues from services and chargebacks:</b>		
- from companies related to directors	1	-
- from Società Trenno S.r.l.	48	46
- from Teleippica S.r.l.	17	-
<b>Total revenues from services and chargebacks</b>	<b>66</b>	<b>46</b>
<b>Other revenues</b>		
- from Global Games S.p.A.	1	1
- from Società Trenno S.r.l.	96	102
- from Festa S.r.l.	-	34
- from Immobiliare Valcarenga S.r.l.	-	3
- from Teleippica S.r.l.	127	126
<b>Total other revenues</b>	<b>224</b>	<b>266</b>
<b>Interest income:</b>		
- from Società Trenno S.r.l.	76	82
- from SNAI Olé S.A.	-	10
- from Teleippica S.r.l.	2	43
<b>Total interest income</b>	<b>78</b>	<b>135</b>
<b>Total revenues</b>	<b>368</b>	<b>447</b>
<b>Costs for services and chargebacks:</b>		
- from companies related to directors	2	162
- from Società Trenno S.r.l.	99	99
- from Festa S.r.l.	-	1,389
- from Teleippica S.r.l.	752	753
- from Connex S.r.l. in liquidation	-	150
<b>Total costs for services and chargebacks</b>	<b>853</b>	<b>2,553</b>
<b>Costs of seconded personnel</b>		
- from Festa S.r.l.	-	11
<b>Total costs of seconded personnel</b>	<b>-</b>	<b>11</b>
<b>Other operating costs</b>		
- from companies related to directors	3	3
- from Società Trenno S.r.l.	-	1
<b>Total other operating costs</b>	<b>3</b>	<b>4</b>
<b>Interest expense and fees</b>		
Interest expense to Festa S.r.l.	-	13
Interest expense to Immobiliare Valcarenga S.r.l.	-	3
Interest expense to Teleippica S.r.l.	13	-
<b>Total interest expense and fees</b>	<b>13</b>	<b>16</b>
<b>Total costs</b>	<b>869</b>	<b>2,584</b>

## 35. Financial risk management

The Group had financial liabilities principally comprising bond loans and financial leases. Such contracts are medium- to long-term.

On 8 November 2013, SNAI S.p.A. has issued a non-subordinated, non-convertible and unsecured facility for a total principal of Euro 35,000 thousand, divided in two series of bonds/notes ("Facility A" and "Facility B"), the issue of which was resolved on 5 November 2013 by the Company's Board of Directors. The "Facility A" bonds were issued in the amount of 15,000 thousand and "Facility B" bonds were issued in the amount of 20,000 thousand. The "Facility A" bonds were reimbursed in full on 4 December 2013.

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

Gains on Bonds have been used by the parent company to (i) refinance a portion of the bank debt through the redemption of the medium/long-term loan granted to the Company by a pool of banks in 2011, as well as some hedging derivatives, (ii) reimburse Facility A Bonds issued by SNAI S.p.A. on 8 November 2013.

On 27 November 2013, SNAI entered, as receiving party, a revolving loan contract amounting to Euro 30,000 thousand with UniCredit Bank AG, Milan branch, as agent and security agent and, among others, Deutsche Bank S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A. as lending banks. The Senior Revolving Facility had not been used as at 31 March 2015.

The Group's policy is to reduce to the extent possible its use of interest-bearing credit to fund its ordinary operations, reduce the collection periods for its trade receivables, to arrange timings and means of deferment in respect of trade creditors, and to plan and diversify the payment terms for its investments.

### Derivatives

As at 31 December 2012, the Group had two derivative instruments (interest rate swaps) in place, which were entered into to hedge the interest rate risk connected with the facility provided by Unicredit S.p.A., Banca IMI S.p.A. and Deutsche Bank S.p.A. The Group has elected to account for those derivatives under hedge accounting, as cash flow hedges in accordance with the rules of IAS 39.

The derivatives used by the SNAI Group for hedging purposes were redeemed during refinancing. Upon redemption, derivatives showed a fair value of Euro 6,094 thousand and a cash flow hedge reserve in the same amount.

In accordance with IAS 39, the Group will recognise the utilisation of the cash flow hedge reserve until its natural expiration (31 December 2015).

The following table shows the movements in the cash flow hedge reserve in the first quarter of 2015 (amounts in thousands of Euro):

<b>Cash Flow Hedge reserve - Interest rate risk</b>	<b>31.03.2015</b>
<b>Initial reserve</b>	<b>(2,124)</b>
Positive (+) / negative (-) changes in reserve for recognition of hedge effectiveness	0
Positive (+) / negative (-) reclassifications to income statement for cash flows which affected the income statement	531
<b>Final reserve</b>	<b>(1,593)</b>

### Liquidity Risk

Liquidity risk is defined as the possibility that the Group is unable to settle its payment commitments as a result of an inability to obtain new funds (funding liquidity risk), to sell assets in the market (asset liquidity risk), or is obliged to incur very high costs in order to settle those commitments. The Group's exposure to such risk is linked principally to the commitments under the loan operation entered into in November and December 2013 with the issue of bond loans and the entering of a revolving facility unused as at 31 March 2015.

### Interest Rate Risk

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

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

The Group's exposure to such risk, as at 31 March 2015, specifically relates to the bond loan issued on 8 November 2013 for the portion of the non-reimbursed notes, defined as "Facility B" notes, in the amount of Euro 20,000 thousand. The aim of the Group's interest rate risk management is to protect the Group's financial spread against changes in market rates, by keeping volatility in check and maintaining consistency between the risk profile and the return on financial assets and liabilities.

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

### Credit risk

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

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

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

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

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

The receivables are regularly subjected to in-depth assessments. In particular, receivables are shown net of the relevant provisions for doubtful 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 into account any security that may be held or other instruments that may mitigate credit risk, is represented by their fair value.

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

### Exchange rate risk

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

### Capital management

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

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

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

thousands of Euro	31.03.2015	31.12.2014
Interest-bearing loans	499,052	487,660
Non-interest-bearing loans	32	32
Financial liabilities	499,084	487,692
Trade payables and other liabilities	157,550	125,838
Financial Assets	(21,440)	(20,907)
Cash and cash equivalents	(93,939)	(68,629)
<b>Net debt</b>	<b>541,255</b>	<b>523,994</b>
Shareholders' equity	60,068	48,101
<b>Total Shareholders' Equity</b>	<b>60,068</b>	<b>48,101</b>
<b>Shareholders' Equity and net debt</b>	<b>601,323</b>	<b>572,095</b>
<b>Net debt/(shareholders' equity and net debt) ratio</b>	90.0%	91.6%

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

In the first quarter of 2015, non-recurring revenues and costs amounted to Euro 26,427 thousand, of which Euro 27,457 thousand related to the transaction, concluded on 19 February 2015, between SNAI, on the one side, and Barcrest Group Limited and The Global Draw Limited on the other side, and their Parent Company Scientific Games

Corporation to reach an amicable settlement of a series of pending cases which arose between the parties following the well-known facts occurred in April 2012. This item is disclosed pursuant to Consob Resolution No. 15519 of 27 July 2006 according to which these amounts are defined as "components of income (positive and/or negative) deriving from non-recurring events or operations, i.e. those operations or events that are not frequently repeated in the ordinary course of business". SNAI waived the actions in the Roman case that, at the same date, following the joint request submitted by the parties, was declared cancelled, with legal expenses offset, and reached an agreement with the above companies on pending cases and the payment of damages and costs already borne, including some guarantees on the cases and costs for the Barcrest transaction, in the amount of Euro 1,030 thousand.

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

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

### 38. Group structure

#### Ownership of the Group

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

#### Significant shareholdings in subsidiaries

	Percentage held		
	31.03.2015	31.12.2014	31.03.2014
IMMOBILIARE VALCARENGA S.r.l. held by a sole quotaholder	0	100	100
FESTA S.r.l. held by a sole quotaholder	0	100	100
Società Trenno S.r.l. held by a sole quotaholder	100	100	100
SNAI Olè S.A. in liquidation	0	100	100
Teleippica S.r.l.	100	100	100

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

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

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

### 39. Net financial position

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

thousands of Euro	31.03.2015	31.12.2014
A. Cash on hand	207	203
B. Other cash and cash equivalents	93,732	68,426
<i>bank accounts</i>	93,504	68,100
<i>postal accounts</i>	228	326
C. Securities held for trading	1	1
<b>D. Liquidity (A) + (B) + (C)</b>	<b>93,940</b>	<b>68,630</b>
<b>E. Current financial receivables</b>	<b>0</b>	<b>0</b>
- escrow account	0	0
F. Current bank debts	41	40
G. Current portion of non-current indebtedness	19,733	19,552
H. Other current financial payables	14,153	3,331
- for interest on bond loans	13,053	2,148
- for acquisition of sports and horse racing concessions	32	32

- to other lenders	1,068	1,151
<b>I. Current financial indebtedness (F) + (G) + (H)</b>	<b>33,927</b>	<b>22,923</b>
<b>J. Net current financial indebtedness (I) - (E) - (D)</b>	<b>(60,013)</b>	<b>(45,707)</b>
K. Non-current bank debts	0	0
L. Bonds issued	464,127	463,561
M. Other non-current payables	1,030	1,208
- to other lenders	1,030	1,208
<b>N. Non-current financial indebtedness (K) + (L) + (M)</b>	<b>465,157</b>	<b>464,769</b>
<b>O. Net financial indebtedness (J) + (N)</b>	<b>405,144</b>	<b>419,062</b>

The net financial position does not include the term-deposit bank accounts or unavailable account balances in the amount of Euro 19,695 thousand, classified under item "current financial assets" in the balance sheet (see Note 21). Furthermore, the non-current financial assets, amounting to Euro 1,744 thousand, are not included (see Note 21).

With respect to the net financial indebtedness as at 31 December 2014, the net financial debt decreased by Euro 13,918 thousand. The decrease is mainly due to the positive contribution deriving from the transaction for the amicable settlement of the dispute between SNAI on the one side, and Barcrest Group Limited, The Global Draw Limited e their Parent Company Scientific Games Corporation, on the other side, mitigated by the unfavourable performance of ordinary operations in the relevant quarter.

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

(amounts in thousands of Euro)	31.03.2015	31.12.2014
A. Cash on hand	149	155
B. Other cash and cash equivalents	92,101	66,766
- banks	91,873	66,440
- postal accounts	228	326
C. Securities held for trading	1	1
<b>D. Liquidity (A)+(B)+(C)</b>	<b>92,251</b>	<b>66,922</b>
E. Current financial receivables	4,750	2,615
- financial current account with subsidiaries	4,750	2,615
F. Current bank debts	41	40
G. Current portion of non-current indebtedness	19,733	19,552
H. Other current financial payables:	14,153	8,263
- for interest on bond loans	13,053	2,148
- financial current account with subsidiaries	0	4,932
- for acquisition of sports and horseracing concessions	32	32
- to other lenders	1,068	1,151
<b>I Current financial indebtedness (F)+(G)+(H)</b>	<b>33,927</b>	<b>27,855</b>
<b>J Net current financial indebtedness (I)-(E)-(D)</b>	<b>(63,074)</b>	<b>(41,682)</b>
K. Non-current bank debts	0	0
L. Bonds issued	464,127	463,561
M. Other non-current payables:	1,030	1,208
- to other lenders	1,030	1,208
<b>N. Non-current financial indebtedness (K)+(L)+(M)</b>	<b>465,157</b>	<b>464,769</b>
<b>O Net financial indebtedness (J) + (N)</b>	<b>402,083</b>	<b>423,087</b>

The net financial position does not include the term-deposit bank accounts or unavailable account balances in the amount of Euro 19,695 thousand, while non-current financial assets are not included.

### 39.1 Covenants

As is customary for loans of this kind, outstanding Loan Agreements (revolving credit line and bond loans), as described in Note 27, prescribe a number of obligations for the Group.

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

SNAI S.p.A. has also undertaken to comply with financial parameters under agreements signed with Unicredit S.p.A., Banca IMI S.p.A and Deutsche Bank S.p.A. relating to a Senior Revolving loan for a total initial amount of Euro 30 million (for more information see Note 27).

In particular, we refer to the requirement to maintain a given minimum level of "Consolidated Pro-Forma EBITDA". "Consolidated Pro-Forma EBITDA" is defined in the loan agreement and indicates the consolidated earnings before interest, taxation, amortisation, depreciation and all extraordinary and non-recurring items.

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

It is noted that, as at 31 March 2015, the Group was compliant with commitments and covenants.

#### **40. Events occurred after the period**

##### **40.1 Incorporation of a new company**

A new company, denominated Snai Rete Italia S.r.l. and 100% owned by SNAI S.p.A., with share capital of Euro 10 thousand, was incorporated on 3 April 2015, also aimed to the acquisition of share holdings of operators in the distribution network and following consolidation and direct management of POS.

##### **40.2 Acquisition of Finscom S.r.l.**

On 1 April 2015 SNAI S.p.A. ("SNAI") entered with Finscom S.r.l., in liquidation ("Finscom") and the shareholders of Finscom a debt restructuring agreement, pursuant to Art. 67, par. 3, lett. d) of the Bankruptcy Law.

According to the above-mentioned agreement, the extraordinary Shareholders' Meeting of Finscom was held on 8 April 2015. On that occasion, the following was resolved (i) loss coverage and reconstitution of Finscom's share capital (Euro 25,000.00) partly through waive of some receivables and partly through share capital increase reserved to SNAI and SNAI Rete Italia S.r.l. (subject indicated by SNAI pursuant to the debt restructuring agreement), and (ii) revocation of the liquidation status of Finscom.

After Finscom's shareholders waived their right to subscribe the share capital increase reserved to them pursuant to Art. 2481-bis of the Italian Civil Code, SNAI fully subscribed the share capital increase reserved by offsetting the amount with the entire amount of its trade receivables from Finscom (therefore for the amount of Euro 2,662,145.02) and SNAI Rete Italia S.r.l. fully subscribed the share capital increase reserved through the payment in cash of Euro 2,363,438.09.

At completion of the above-mentioned transactions, the share capital of Finscom is currently entirely owned by the new shareholders SNAI e SNAI Rete Italia S.r.l., for 53% and 47%, respectively.

The ordinary Shareholders' Meeting of Finscom, held on 8 April 2015, resolved on the appointment of a new Board of Directors and a new Control Body that will be in office after the revocation resolution of the liquidation status, i.e. after 60 days from the registration of the company at the Company's Register, pursuant to Art. 2487-ter of the Italian Civil Code.

##### **40.3 New developments of the issue related to the operator SIS S.r.l. in liquidation**

With decree issued by the Court of Rome on 25 March 2015, SIS S.r.l. in liquidation was admitted to the composition with creditors procedure. Mrs. Anna Maria Soldi was appointed Bankruptcy Judge and Mr. Tiziano Onesti Court Commissioner.

The hearing with creditors before the Bankruptcy Judge was scheduled on 5 May 2015.

Within this context, SIS S.r.l. in liquidation and under composition with creditors procedure ("**SIS**") published, on the newspaper "Sole 24 Ore" dated 9 April 2015, an invitation for a statement of interest for the rental and subsequent purchase of the BU including 55 betting shops that had been managed by the company under contracts signed with SNAI S.p.A. until interruption of the service by the company for self-protection purposes (the "**Company's assets**").

SNAI S.p.A. therefore asked and obtained to be admitted to the competitive procedure opened by SIS composition procedure, and submitted a binding and irrevocable offer, with a term of 45 days, for the rental and purchase of the Company's assets.

SNAI Spa's offer aims at permitting the arrangement with creditors:

- (a) to fully satisfy privileged and 100% unsecured creditors;
- (b) to entirely pay pre-deductible expenses and costs related to the so-called "periodical flows";
- (c) to waive SNAI S.p.A.'s entire amounts receivable from SIS as at 21 January 2015, in principal and interest, for the total amount of around Euro 12.9 million ("**SNAI Receivable**"), at the date of disposal of the Company's assets;
- (d) immediate reactivation of the Company's assets until completion of the selection procedure;
- (e) the commitment of SNAI S.p.A. to guarantee disbursements made by SIS with respect of some potential liabilities;
- (f) the continuation of pending contracts SNAI S.p.A./SIS, without need for SIS to pay the indemnity to SNAI pursuant to Art. 169.bis of the Bankruptcy Law, for the residual 7 years of contract duration related to AWP/VLT and until 30 June 2016 for contracts related to bets.

The creditor composition procedure has not yet published the outcome of the competitive selection.



#### **40.4 Shareholders' Meeting of 28 April 2015**

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

- approved the financial statements ending 31 December 2014, as well as loss coverage;
- supplemented the Board of Directors by appointing Mr. Marcello Agnoli and Mrs. Stefania Rossini, who will remain in office until approval of the Financial Statements as at 31 December 2015. Mr. Agnoli and Mrs. Rossini have the necessary qualification, as set out by regulations in force on listed companies, to fill the new office of independent directors;
- also resolved on the approval of the Financial Statements as at 31 December 2104 of the companies "Festa S.r.l. held by a sole quotaholder" and "Immobiliare Valcarenga S.r.l. held by a sole quotaholder", merged by incorporation into SNAI S.p.A. with legal, accounting and tax effects as from 1 January 2015.

#### **40.5 Payment of the first advance payment pursuant to the Stability Law**

On 30 April, SNAI paid around Euro 11.1 million to ADM. According to the interpretation of the Order and other discussions held with the relevant Authorities, this amount is composed of the reduction portion of benefits and remuneration directly attributable to SNAI and the reduction portion of benefits and remuneration actually paid to SNAI by other operators in the distribution segment of Gaming Machines (both AWP's and VLT's), attributable to SNAI as at 31 December 2014.

#### **40.6 Reimbursement of the "Facility B" notes issued on 8 November 2013**

On 5 May 2015, SNAI fully reimbursed the "Facility B" notes in the amount of Euro 20,000 thousand, issued on 8 November 2013.

for the Board of Directors  
Giorgio Sandi  
(Chairman and Managing Director)

Milan, 5 May 2015

\*\*\*\*\*

The director in charge of the preparation of the corporate accounting documents, Mr. Marco Codella, declares, pursuant to paragraph 5, Art. 154-bis of the Finance Act that the accounting information contained in these condensed interim consolidated financial statements are consistent with the information contained in the documents, books and accounting records.

## SCHEDULE 1

**Composition of the SNAI Group as at 31 March 2015**

(thousands of Euro)

Name	Head office	Share Capital	Owned percentage	Note	Type of business	Consolidation method/Valuation criteria
- SNAI S.p.A.	Porcari (LU)	69,749	Parent Company		Acceptance of horse racing and sports betting through its own concessions - coordination of operations of subsidiaries and any electronic operation of dissemination of data and services for betting agencies - electronic operation of the connection network of gaming machines - skill games	line-by-line basis
<b>Subsidiaries:</b>						
- Società Trenno S.r.l. held by a sole quotaholder	Milan (MI)	1,932	100.00% (1)		Organization and operation of horse races and the training centre	Line-by-line basis
- Teseo S.r.l. in liquidation	Palermo (PA)	1,032	100.00% (2)		Design and planning of betting management software systems	Shareholders' Equity
- Teleippica S.r.l.	Porcari (LU)	2,540	100.00% (3)		Dissemination of information and events through all means permitted by technology and regulatory provisions in force now and in the future with the exception of publication in newspapers	Line-by-line basis
<b>Associates:</b>						
- HIPPOGROUP Roma Capannelle S.p.A.	Rome (RM)	945	27.78% (4)		Organization and operation of horse races and the training centre	Shareholders' Equity
- Solar S.A.	LUXEMBOURG	31	30.00% (5)		Financial company	Shareholders' Equity
- Alfea S.p.A.	Pisa (PI)	996	30.70% (6)		Organization and operation of horse races and the training centre	Shareholders' Equity
- Connex S.r.l. in liquidation	Porcari (LU)	82	25.00% (7)		Distribution and assistance of electronic services, hardware and software	Shareholders' Equity
<b>Other companies:</b>						
- Lexorfin S.r.l.	Rome (RM)	1,500	2.44% (8)		Financial holding company in the horse race sector	Cost

**Notes on the composition of the Group**

- (1) Wholly-owned subsidiary of SNAI S.p.A., as a result of the merger by incorporation of Ippodromi San Siro S.p.A. (formerly Società Trenno S.p.A.). The company was incorporated on 27 July 2006, and on 15 September 2006 Ippodromi San Siro S.p.A. contributed its "horse racing operations" business unit.
- (2) Incorporated on 13 November 1996, and acquired by SNAI S.p.A. on 30 December 1999. On 3 August 2001, Teseo S.r.l. entered winding-up.
- (3) Acquired by third parties on 5 May 2000. On 2 October 2003, the extraordinary shareholders' meeting changed the company's name from SOGEST Società Gestione Servizi Termali S.r.l. to TELEIPPICA S.r.l., and also its corporate purpose. Over the course of 2005, the extraordinary shareholders' meeting resolved to increase the share capital to Euro 2,540,000. On 31 January 2011 SNAI S.p.A. acquired control of 80.5% of the share capital of Teleippica S.r.l. from SNAI Servizi S.p.A. SNAI S.p.A. owns 100% of the share capital of Teleippica S.r.l.
- (4) On 12 January 2011, the shareholders' meeting of Hippogroup Roma Capannelle S.p.A. resolved, inter alia, to reduce the share capital to Euro 944,520.00. SNAI S.p.A.'s shareholding was unchanged at 27.78%.
- (5) A company incorporated under Luxembourg law on 10 March 2006 by SNAI S.p.A., which holds 30%, and FCCD Limited, a company incorporated under Irish law, which holds 70%.
- (6) 30.70% shareholding already owned by Ippodromi San Siro S.p.A. (former Società Trenno S.p.A.) now merged by incorporation into SNAI S.p.A.:
- (7) On 7 December 2000, the shareholding in Connex S.r.l. was acquired through the purchase of option rights from former shareholders, and the subsequent subscription (and payment) of the share capital increase reserved to the holders of those rights. On 04 February 2015, the Shareholders' meeting resolved to wind up the company.
- (8) Shareholding of 2.44% acquired on 19 July 1999 by Società Trenno S.p.A., which was subsequently merged into SNAI S.p.A., by incorporation.