



INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2015

Milan, 12 November 2015

SNAI S.p.A.

Registered Office in Porcari (Lucca) – via L. Boccherini 39 – Share Capital Euro 60,748,992.20 fully paid in

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DA AGGIORNARE

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**CORPORATE BODIES
AND AUDITING FIRM OFSNAI SPA**

Board of Directors

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

Chairman and Managing Director

Gabriele Del Torchio*

Directors

Stefano Campoccia **/****

Mara Caverni **/****

Giorgio Drago

Nicola Iorio

Enrico Orsenigo

Massimo Perona

Roberto Ruozi ***

Mauro Pisapia

Barbara Poggiali ***

Chiara Palmieri ***

Tommaso Colzi

Marcello Agnoli **/****

Carlo Gagliardi*

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.

* Appointed at the Shareholders' Meeting held on 28 September 2015 until the Shareholders' Meeting held to approve the financial statements for the period ending 31 December 2015.

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

*** Members of the Compensation Committee chaired by Roberto Ruozi.

**** Members of the Related Parties Committee chaired by Mara Caverni.

Comment on the main KPIs for the period

Total revenues of the Group, including operating and other revenues, reported around 2.4% increase, from Euro 393.9 million in the first nine months of 2014 to Euro 403.3 million in the first nine months of 2015. Revenues from sales and services amounted to Euro 374.4 million in the first nine months of 2015, compared to Euro 393.3 million in the first nine months of 2014, with 4.8% decrease attributable to the combined effect of the increased revenues from the Gaming Machines (AWPs and VLTs) segment and from Società Trenno S.r.l., offset by the decrease in revenues from sports betting. Revenues from sports betting decreased, compared to the first nine months of the previous year, mainly due to a particularly high payout, which came to 82% against 77.2% reported in the first nine months of 2014, thus comparing a desk/counter result in 2014, which was better than the historical average, and a particularly unfavourable result in 2015 (albeit in the presence of a better performance than the market average). To the above, the effect of lower wagers is to be added, also due to some critical issues still present and linked to a portion of the distribution network connected with the non-operating gaming points of the company SIS at end of July. The above critical issues are being solved with both the execution, on 22 July 2015, of a lease agreement envisaging the future purchase of SIS's business unit by SNAI Rete Italia S.r.l. and then the re-opening of 54 out of 55 shops envisaged in the agreement itself.

It should be noted that the above had a negative impact on wagers of the physical channel, while on-line wagers totalled Euro 122.1 million, compared to Euro 99.8 million recorded in the same period of 2014, up by 22.3%. On-line wagers percentage over total amounts is 24.1%.

Other revenue and income increased from Euro 0.6 million in the first nine months of 2014 to Euro 28.9 million in the first nine months of 2015, up by Euro 27.5 million due to the amicable settlement of the dispute between SNAI S.p.A. on the one side, and Barcrest Group Limited, The Global Draw Limited and their parent company Scientific Games Corporation on the other side.

Revenues from AWPs increased due to an increased average number of machines in operation and a higher number of average coin-in, while for VLTs, an increase in revenues was reported mainly resulting from the decrease in payout of games (-0.4% compared to the same period of the previous year), as well as the moving and better performance of gaming terminals occurred last year and continued during the first nine months of this year.

The betting on virtual events generated a direct collection of Euro 192.3 million and revenues of Euro 26 million against wagers amounting to Euro 262.5 million and revenues of Euro 33.4 million in the same period last year. This decrease was also attributable to the aforesaid temporary shutdown of some sales points.

Group EBITDA in the first nine months of 2015 amounted to Euro 56.5 million as compared to Euro 81.2 million in the first nine months of 2014, down by 30.4%.

In the first nine months of 2015, a positive effect is reported in relation to non-recurring costs and revenues, which amounted to Euro 20.7 million, against a negative effect of Euro 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.

In the third quarter of 2015, total revenues amounted to Euro 120.5 million, -7.5% compared to the third quarter of 2014, while EBITDA came to Euro 16.9 million (-35.8% compared to Euro 26.4 million in the third quarter 2014). In the same period, EBITDA Adj amounted to Euro 19.2 million, against Euro 29.8 million in the third quarter 2014 (-35.7%).

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>	First nine months		Change		III quarter		Change	
	2015	2014	€	%	2015	2014	€	%
Total revenues	403,305	393,917	9,388	2.4	120,494	130,226	(9,732)	(7.5)
EBITDA	56,481	81,158	(24,677)	(30.4)	16,918	26,371	(9,453)	(35.8)
EBITDA Adj	59,589	86,626	(27,037)	(31.2)	19,167	29,812	(10,645)	(35.7)
EBIT	35,111	35,323	(2,212)	(6.3)	(371)	11,996	(12,367)	>100
Profit/(loss) before taxes	(9,165)	(9,845)	680	6.9	(15,122)	(2,549)	(12,573)	>100
Net profit (loss)	(13,999)	(9,943)	(4,056)	(40.8)	(14,333)	(2,971)	(11,362)	>100
Diluted earnings/(loss) per share	(0.12)	(0.09)	(0.03)	(33.3)	(0.12)	(0.03)	(0.09)	>100

EBITDA was influenced by the following non-recurring costs incurred for operating purposes (Note 36 shows the non-recurring revenues and costs as envisaged under Consob Resolution No. 15519 of 27.07.2006):

<i>thousands of Euro</i>	First nine months of 2015	
Non-recurring revenues and costs		
Active trading		(28,024)
Costs related to active trading		2,074
Costs related to non-recurring consultancies		930
Allocation to the provision for doubtful debts		2,500
Administrative fines and taxes for PREU		107
Losses on settlement of disputes		997
Leaving incentives		692
Impact on EBITDA		(20,724)

Group EBIT in the first nine months of 2015 was Euro 33.1 million as compared to Euro 35.3 million in the first nine months of last year. In the third quarter of 2015, EBIT amounted to Euro -0.4 million, compared to Euro 12 million reported in the same period of 2014.

Group profit/(loss) before taxes in the first nine months of 2015 was Euro -9.2 million as compared to Euro -9.8 million in the first nine months of last year.

The net loss of the Group in the first nine months of 2015 was Euro 14 million as compared to Euro 9.9 million loss in the first nine months of 2014.

The net financial indebtedness of the SNAI Group as at 30 September 2015 was equal to Euro 401.4 million, as compared to Euro 419.1 million at the end of 2014. The improvement of Euro 17.7 million is due to both the positive contribution resulting from the aforesaid transaction, and the refund of the guarantee deposit on Gaming Machines for 2014, partly reduced due to the unfavourable performance of ordinary business in the first nine months of 2015.

- **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 segment 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:

EBITDA

<i>amounts in thousands of Euro</i>	First nine months		Change		III quarter		Change	
	2015	2014	€	%	2015	2014	€	%
EBIT	33,111	35,323	(2,212)	(6.3)	(371)	11,996	(12,367)	>100
+ Depreciation of Property, plant and equipment	12,656	13,434	(778)	(5.8)	4,226	4,423	(197)	(4.5)
+ Amortisation of Intangible Assets	29,042	30,181	(1,139)	(3.8)	9,001	10,139	(1,138)	(11.2)
+ Net losses of value	247	221	26	11.8	100	(28)	128	>100
+ Other allocations	2,149	(11)	2,160	>100	2,238	(459)	2,697	>100
Profit/(loss) before amortisation, depreciation, write-downs, financial income/expenses, taxes	77,205	79,148	(1,943)	(2.5)	15,194	26,071	(10,877)	(41.7)
+ Non-recurring costs	(20,724)	2,010	(22,734)	>100	1,724	300	1,424	>100
EBITDA	56,481	81,158	(24,677)	(30.4)	16,918	26,371	(9,453)	(35.8)
+ Current portion of the provision for doubtful debts	3,108	5,468	(2,360)	(43.2)	2,249	3,441	(1,192)	(34.6)
EBITDA Adj	59,589	86,626	(27,037)	(31.2)	19,167	29,812	(10,645)	(35.7)

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

Profit/(loss) before taxes

<i>amounts in thousands of Euro</i>	First nine months		Change		III quarter		Change	
	2015	2014	€	%	2015	2014	€	%
EBIT	33,111	35,323	(2,212)	(6.3)	(371)	11,996	(12,367)	>100
+ Earnings of companies consolidated using the equity method	55	(458)	513	>100	0	(14)	14	100
+ Financial income	942	1,137	(195)	(17.2)	280	380	(100)	(26.3)
+ Financial expenses	(43,259)	(45,838)	2,579	5.6	(15,032)	(14,905)	(127)	(0.9)
+ Net gains (losses) on exchange rates	(14)	(9)	(5)	(55.6)	1	(6)	7	>100
Profit/(loss) before taxes	(9,165)	(9,845)	680	(6.9)	(15,122)	(2,549)	(12,573)	>100

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 30 September 2015

In the first nine months of 2015, the payout (percentage of wins paid to bettors relative to total wagers) on sports betting amounted to 82%, versus 77.2% in the same period of 2014.

As at 30 September 2015, the volume of wagers on sports based games offered by the company amounted to Euro 505.6 million compared to Euro 551.6 million in the same period last year (-8.3%). The above included, Euro 122.3 million (24.2% of total amount) resulting from on-line channel, countering a growth of over 22%. The net revenues of sports based games, including pool betting, amounted to Euro 71.5 million compared to Euro 103.8 million in the same period of 2014. The decrease is mainly due to the unfavourable performance of payout.

Horse racing bets including National Horse Racing totalled wagers of Euro 157.6 million as at 30 September 2015, down compared to the Euro 183.7 million in the same period of last year (-14.2%).

Revenues from horse racing bets including National Horse Racing declined by Euro 2.6 million and amounted to Euro 14.2 million as at 30 September 2015, versus Euro 16.8 million in the same period of 2014.

The revenues from the Gaming Machines segment totalled Euro 222.9 million as compared to Euro 199.8 million in the first nine months of 2014 and include revenues from VLTs (Video Lotteries) and AWP machines (formerly known as Slot Machines). Wagers amounted to Euro 2,204.6 million as at 30 September 2015, versus Euro 2,063.2 million in the same period of 2014.

In the first nine months of 2015, decreased revenues from the On-line Skill and Casino Games segment amounted to Euro 13.3 million, compared to Euro 15.1 million in the same period of 2014. The segment is awaiting the launch of the new and more performing website.

The results obtained from betting on virtual events, in the first nine months of 2015, reported a decrease of wagers to Euro 192.3, compared to Euro 262.5 million reported in the same period of 2014, with net revenues totalling Euro 26 million (Euro 33.4 million in the first nine months of 2014), awaiting the increase in the number of daily events available in the betting schedule and already submitted for approval by ADM.

Business outlook

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

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

The risk management of the sports betting was, in fact, enhanced both through the upgrading of automatic controls upon acceptance, but also on account of the effects of the new operating contract that contributes to a better alignment of SNAI interests with those of the distribution network. These activities continued during the year 2015, aiming at the optimal balancing between the management payout and the volume of wagers.

The Group also intends to develop the AWP sector further through the availability of new state-of-the-art machines, whether owned or belonging to third parties. Further grants are expected from the merger of assets belonging to Cogemat Group into SNAI Group, and possible operating optimization and new synergies.

Progress of the business plan

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

- focus on profit margins through more control over the payouts on sports betting to maximize contractual benefits;
- improved territorial balance of the network, to boost market share in significant areas;
- expansion of the "line" and "on-line" games;
- long-term initiatives promoting loyalty in Betting Shops with a high market share;
- full exploitation of the potential of Virtual Events, to support, inter alia, expansion of the distribution network;
- growth of the Online Skill and Casino Games segment;
- enhancement and requalification of the Gaming Machines area in shops and in arcades;
- development of services dedicated to partners (training, dedicated web site) and actions aimed at localisation;
- 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, then updated in its 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 first nine months of 2015, EBITDA performance was lower than in the first nine months of the previous year, and expectations. 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, also due to a better payout, which reached 82%; the performance of which, albeit particularly high compared to the average reported over the last few years, is within the normal fluctuation of this variable, still better than market average, as well as lower wagers, also due to some critical issues connected with a portion of the distribution network and the temporary, now solved, shutdown of some gaming points, iii) lower revenues and margins generated by bets on virtual events and horse race, partly due to the aforesaid critical issues connected with the shutdown of some gaming points; iv) the performance of the skill games, which was below expectations in terms of revenues and margins.

The merger of Cogemat Group within SNAI Group will require the drawing up of a new Business Plan that, albeit in compliance with the principles of the current Business Plan, will be able to seize the expected improvements in performance, i.e. generation of revenues and enhancement of managerial efficiency, which is offered by the sharing of expertise, know-how and means available in the two Groups. The preparation of the new Business Plan, which takes account of the new merger with the Cogemat Group, as well as resulting synergies, will start upon final completion of the acquisition.

Material events in the third quarter 2015

Events related to the Board of Directors

On 28 September 2015, the ordinary Shareholders' Meeting appointed Mr. Gabriele Del Torchio (already co-opted as member of the Board of Directors on 9 July 2015, following the resignation of Mrs. Stefania Rossini) and Mr. Carlo Gagliardi (replacing Mr. Giorgio Sandi, resigned as from 12 July 2015), in order to complete the number of members in the Company's Board of Directors (14 members).

On the occasion of the meeting held on 13 July 2015, the SNAI's Board of Directors, had already assigned the office of Chairman of the Board of Directors and managing Director to Mr. Del Torchio.

Mr. Gabriele Del Torchio and Mr. Carlo Gagliardi have the requirements for the office, as set out by laws and regulations in force applied to listed companies.

As this is a proposal to supplement the Board of Directors with the appointment of Mr. Gabriele Del Torchio and Mr. Carlo Gagliardi, the Shareholders' Meeting resolved with the majority of votes, pursuant to law and provisions set out by the Company's Articles of Association; in fact, the voting procedure based on lists is not applicable in this case as this is envisaged by the Company's Articles of Association only in the event the Board of Directors is renovated in its entirety.

Mr. Gabriele Del Torchio and Mr. Carlo Gagliardi will remain in office until expiration of the entire Board of Directors, i.e. until approval of the financial statements ended 31 December 2015.

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

The offer of SNAI S.p.A. was deemed as the most convenient and, after receiving the authorisation from the Court of Rome on 23 June 2015, the lease and transfer agreement of the company of SIS (substantially equal to the offer) was signed on 7 July 2015 before the Notary Giorgio Perrotta in Rome, between SNAI S.p.A. and SNAI Rete Italia S.r.l. (on the one part) and SIS (on the other part). The effective date of the lease and transfer agreement of SIS's company was deferred until conclusion of consultations as per Art. 47, par. 1 of Law 428/1990, instrumental to the lease and subsequent transfer of the Business Segment. The lease agreement entered in force on 22 July 2015. To day, 54 out of 55 gaming shops have been re-opened as, for the shop in Palermo, Via Empedocle Restivo, the lease agreement is still under negotiation (already expired at the effective date of the lease agreement). The hearing at the Court of Rome for the endorsement of the composition with creditors was held on 3 November 2015.

Signature of the agreement for the merger of the Cogemat/Cogetech Group with the SNAI Group, resolution for SNAI's share capital increase and signature of the transfer deed for the acquisition of the Cogemat/Cogetech Group

On 13 July 2015, after the proposal made by OI Games S.A. e OI Games 2 S.A. ("Majority Shareholders") - accepted on 5 May by SNAI - the favourable opinion of SNAI's related party committee and the positive outcome of the due diligence, the investment agreement was signed between SNAI, Majority Shareholders and International Entertainment S.A. (50% shareholder of OI Games 2 S.A., equally with OI Games S.A.) on the merger of the assets of the Cogemat/Cogetech Group with the assets of the SNAI Group through a transfer into SNAI's share capital.

The investment agreement envisaged that the transfer into SNAI involved at least the equity investments of the Majority Shareholders in Cogemat (equal to 75.25% of the related share capital), with the possibility for all the other shareholders in Cogemat (24.75% of the share capital) to adhere to the investment agreement within 5 August 2015. At that date, 100% of Cogemat Shareholders, i.e. the entire share capital, had adhered.

With the transfer of Cogemat entire share capital, after the actual merger, the current shareholders of Cogemat will hold 71,602,410 newly issued SNAI shares (38% of the share capital after the share capital increase, instrumental to the transfer).

In the event that all conditions precedent envisaged in the investment agreement be fulfilled, the merger transaction will be fully effective within November 2015. The listing request of newly issued SNAI shares should be submitted within the end of this year.

The merger transaction will create a first listed pole in Italy, dedicated to entertainment and will allow the new SNAI Group to become the Italian leader of gaming not under monopoly regime, thus consolidating its position in the gaming machines segment. In this segment, the company will be co-leader in the market with a share higher than 15%, thus strengthening the Group leadership in the segment of horse race and sports betting.

On 28 September 2015, the extraordinary Shareholders' Meeting resolved on a divisible increase with consideration of SNAI's share capital, excluding the option right pursuant to Art. 2441, par. four, first sentence, of the Italian Civil Code, for a maximum nominal amount of Euro 37,233,253.20, through the issue of 71,602,410 maximum new ordinary shares of the Company. The latter are to be released by the current shareholders of Cogemat through the payment by kind of 100% of the ordinary shares held by them in Cogemat share capital. On 30 September 2015, the above-mentioned transfer deed was signed, which will be in force on 1 October 2015, provided that the related conditions precedent be fulfilled. According to the above terms and conditions, from the transfer deed signature, 30 days shall elapse without a new assessment of the transfer value being requested by those entitled to do so, pursuant to articles 2343-quater and 2440 of the Italian Civil Code, the approval to the merger shall be issued by the Albanese Antitrust Authority and the approval deed to the merger shall be issued by the Agenzia delle Dogane e dei Monopoli, and the pledges cast on a portion of shares subject to transfer, and on shares in certain subsidiaries of Cogemat shall be fully discharged. The latter is the only one that had not been fulfilled yet and its fulfilment is expected by 18 November 2015. Upon fulfilment of the remaining condition precedent, the acquisition will be completed at the same date.

The request for the listing of SNAI shares, resulting from the share capital increase, should be submitted by the end of 2015.

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

On 20 July 2015, the Board of Directors of SNAI S.p.A. approved the issue of a non-convertible, guaranteed, senior bond loan for a total principal up to Euro 110 million, with maturity term estimated on 15 June 2018.

The Bonds, reserved to qualified investors, will be listed at one or more regulated markets or in one or more Italian or European multilateral systems.

As regards the merger with the Cogemat Group, revenues resulting from the issue of Bonds will be used by the Company for the partial early cash repayment of payables resulting from some loans related to Cogemat and/or its subsidiaries.

As regards the issue of Bonds, the Board of Directors also approved a preliminary information document named "Preliminary Offering Memorandum", which contained the most significant information on Bonds. The Preliminary Offering Memorandum can be consulted on the Company's internet site, www.snaigroup.it, in the "Investor Relations" Section.

At completion of the bookbuilding activity, on 21 July 2015 SNAI carried out the pricing of the guaranteed senior bond loan (Euro 110,000,000, 7.625% Senior Secured Notes) for a total principal up to Euro 110 million, with maturity term on 15 June 2018, at an issue price of 102.5%.

The Bond issue and regulation took place on 28 July 2015. The related amounts are credited in an escrow account until conditions precedent be fulfilled and transaction be completed.

Bonds were initially subscribed by J.P.Morgan Securities plc. and Unicredit Bank AG, and then exclusively placed at qualified investors.

Bonds are listed on the Euro MTF market, organized and managed by the Luxembourg Stock Exchange.

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 30 September 2015

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

Milan, 12 November 2015

SNAI Group - Consolidated Comprehensive Income Statement

<i>amounts in thousands of Euro</i>	Note	First nine months	
		2015	2014
Revenues from sales and services	5	374,408	393,338
Other revenue and income	6	28,897	579
Change in inventory of finished and semi-finished products		(16)	0
Raw materials and consumables	7	(412)	(853)
Costs for services and use of third party assets	8	(267,129)	(264,542)
Costs of personnel	9	(28,843)	(26,834)
Other operating costs	10	(30,375)	(23,215)
Capitalised internal construction costs	11	675	675
Profit/(loss) before amortisation, depreciation, write-downs, financial income/expenses, taxes		77,205	79,148
Amortisation, depreciation and write-downs	12	(41,945)	(43,836)
Other provisions	29	(2,149)	11
Earnings before interest and taxes		33,111	35,323
Gains and expenses from shareholdings		55	(458)
Financial income		948	1,138
Financial expenses		(43,279)	(45,848)
Total financial income and expenses	13	(42,276)	(45,168)
PROFIT/(LOSS) BEFORE TAXES		(9,165)	(9,845)
Income tax	14	(4,834)	(98)
Profit/(Loss) for the period		(13,999)	(9,943)
(Loss)/profit from re-measurement on defined benefit plans after taxes		(32)	0
Total other comprehensive income components which will not be restated under profit/(loss) for the period after taxes		(32)	0
Net (loss)/profit from derivatives as cash flow hedges		1,593	1,593
Profit/(Loss) from available-for-sale financial assets		(110)	0
Total other comprehensive income components which will be restated under profit/(loss) for the period after taxes		1,483	1,593
Total profit/(loss) in comprehensive income statement, after taxes	25	1,451	1,593
Comprehensive profit (loss) for the period		(12,548)	(8,350)
<i>Attributable to:</i>			
Profit (loss) for the period pertaining to the Group		(13,999)	(9,943)
Profit (loss) for the period pertaining to Third parties		0	0
Comprehensive profit (loss) for the period pertaining to the Group		(12,548)	(8,350)
Comprehensive profit (loss) for the period pertaining to Third Parties		0	0
Basic earnings (loss) per share in Euro	26	(0.12)	(0.09)
Diluted earnings (loss) per share in Euro	26	(0.12)	(0.09)

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

SNAI Group - Consolidated Statement of Comprehensive Income

<i>amounts in thousands of Euro</i>	Note	III quarter	
		2015	2014
Revenues from sales and services	5	120,183	130,040
Other revenue and income	6	311	186
Change in inventory of finished and semi-finished products		0	0
Raw materials and consumables	7	(111)	(217)
Costs for services and use of third party assets	8	(85,427)	(85,953)
Costs of personnel	9	(9,087)	(8,481)
Other operating costs	10	(10,900)	(9,729)
Capitalised internal construction costs	11	225	225
Profit/(loss) before amortisation, depreciation, write-downs, financial income/expenses, taxes		15,194	26,071
Amortisation, depreciation and write-downs	12	(13,327)	(14,534)
Other provisions	29	(2,238)	459
Earnings before interest and taxes		(371)	11,996
Gains and expenses from shareholdings		0	(14)
Financial income		282	380
Financial expenses		(15,033)	(14,911)
Total financial income and expenses	13	(14,751)	(14,545)
PROFIT/(LOSS) BEFORE TAXES		(15,122)	(2,549)
Income tax	14	789	(422)
Profit/(Loss) for the period		(14,333)	(2,971)
(Loss)/profit from re-measurement on defined benefit plans after taxes		(32)	0
Total other comprehensive income components which will not be restated under profit/(loss) for the period after taxes		(32)	0
Net (loss)/profit from derivatives as cash flow hedges		531	531
Profit/(Loss) from available-for-sale financial assets		0	0
Total other comprehensive income components which will be restated under profit/(loss) for the period after taxes		531	531
Total profit/(loss) in comprehensive income statement, after taxes	25	499	531
Comprehensive profit (loss) for the period		(13,834)	(2,440)
<i>Attributable to:</i>			
Profit (loss) for the period pertaining to the Group		(14,333)	(2,971)
Profit (loss) for the period pertaining to Third parties		0	0
Comprehensive profit (loss) for the period pertaining to the Group		(13,834)	(2,440)
Comprehensive profit (loss) for the period pertaining to Third Parties		0	0
Basic earnings (loss) per share in Euro	26	(0.12)	(0.03)
Diluted earnings (loss) per share in Euro	26	(0.12)	(0.03)

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>	Note	30.09.2015	31.12.2014
ASSETS			
Non-current assets			
Property, plant and equipment owned		137,337	140,142
Assets held under financial lease		2,957	3,782
Total property, plant and equipment	15	140,294	143,924
Goodwill		245,883	231,531
Other intangible assets		76,560	102,857
Total intangible assets	16	322,443	334,388
Shareholdings measured using the equity method		2,410	2,318
Shareholdings in other companies		46	46
Total shareholdings	17	2,456	2,364
Deferred tax assets	18	80,165	80,004
Other non-financial assets	21	2,200	1,967
Financial Assets	22	2,010	1,244
Total non-current assets		549,568	563,891
Current assets			
Inventories	19	365	486
Trade receivables	20	74,442	58,486
Other assets	21	30,300	24,509
Current financial assets	22	131,913	19,663
Cash and cash equivalents	23	78,384	68,629
Total current assets		315,404	171,773
TOTAL ASSETS		864,972	735,664
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity pertaining to the Group			
Share Capital		60,749	60,749
Reserves		(11,197)	13,434
Profit/(Loss) for the period		(13,999)	(26,082)
Total Shareholders' Equity pertaining to the Group		35,553	48,101
Shareholders' Equity pertaining to minority interests			
Total Shareholders' Equity	24	35,553	48,101
Non-current liabilities			
Post-employment benefits	27	5,708	4,602
Non-current financial liabilities	28	573,641	464,769
Deferred tax liabilities	18	62,467	58,593
Provisions for risks and charges	29	12,923	10,838
Sundry payables and other non-current liabilities	30	2,204	2,336
Total non-current liabilities		656,943	541,138
Current liabilities			
Trade payables	31	28,135	32,385
Other liabilities	30	127,279	91,117
Current financial liabilities		17,062	3,371
Current portion of long-term borrowings		0	19,552
Total financial liabilities	28	17,062	22,923
Total current liabilities		172,476	146,425
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		864,972	735,664

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)	Treasury share reserve	Profit (loss) carried forward	Profit (loss) for the year	Total Shareholders' Equity Group	Total Shareholders' Equity Third parties	Total Shareholders' Equity
Balance as at 01.01.2014		60,749	1,559	108,282	(4,248)	(432)	0	967	(94,530)	72,347	0	72,347
Loss for fiscal year 2013				(94,336)				(194)	94,530	0		0
Profit/(Loss) for the period	25				1,593	0	0		(9,943)	(9,943)		(9,943)
Other comprehensive profit/(loss)										1,593		1,593
Net amounts as at 30.09.2014		0	0	0	1,593	0	0	0	(9,943)	(8,350)		(8,350)
Balance as at 30.09.2014		60,749	1,559	13,946	(2,655)	(432)	0	773	(9,943)	63,997	0	63,997
	Note	Share Capital	Legal Reserve	Share premium reserve	Cash Flow Hedge Reserve	Post-employment benefit reserve (IAS 19)	Treasury share reserve	Profit (loss) carried forward	Profit (loss) for the year	Total Shareholders' Equity Group	Total Shareholders' Equity Third parties	Total Shareholders' Equity
Balance as at 01.01.2015		60,749	1,559	13,946	(2,124)	(720)	0	773	(26,082)	48,101	0	48,101
Loss for fiscal year 2014	24		(1,559)	(13,946)				(10,577)	26,082	0		0
Profit/(Loss) for the period	25				1,593		(110)	(32)	(13,999)	(13,999)		(13,999)
Other comprehensive profit/(loss)										1,451		1,451
Net amounts as at 30.09.2015		0	0	0	1,593	0	(110)	(32)	(13,999)	(12,548)		(12,548)
Balance as at 30.09.2015		60,749	0	0	(531)	(720)	(110)	(9,836)	(13,999)	35,553	0	35,553

SNAI Group - Consolidated Cash Flow Statement

<i>amounts in thousands of Euro</i>	Note	30.09.2015	30.09.2014
A. CASH FLOW FROM OPERATIONS			
Profit (loss) for the period pertaining to the Group		(13,999)	(9,943)
Profit (loss) for the period pertaining to Third parties		0	0
Amortisation, depreciation and write-downs	12	41,945	43,836
Net change in assets (liabilities) for deferred tax assets (deferred tax liabilities)	18	3,122	(1,902)
Change in provision for risks	29	2,048	(4,449)
(Capital gains) capital losses from non-current assets (including shareholdings)		100	1,126
Portion of earnings pertaining to shareholdings measured using the equity method (-)	13	(55)	458
Net change in sundry non-current trade assets and liabilities and other changes	21-30	(365)	(646)
Net change in current trade assets and liabilities and other changes	19-20-21- 31-30	3,225	2,199
Net change in post-employment benefits	27	1,062	(200)
CASH FLOW FROM (USED IN) OPERATIONS (A)		37,083	30,479
B. CASH FLOW FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment (-)	15	(8,377)	(7,997)
Investments in intangible assets (-)	16	(9,741)	(3,878)
Acquisition of a business unit	4	(1,300)	0
Acquisition of shareholdings in subsidiaries, net of acquired cash and cash equivalents	4	(84)	0
Proceeds from the sale of property, plant and equipment, intangible and other non-current assets		93	72
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES (B)		(19,409)	(11,803)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Change in financial receivables and other financial assets	22	(113,126)	(1,463)
Change in financial liabilities	28	125,207	11,241
Repayment of financing	28	(20,000)	0
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES (C)		(7,919)	9,778
D. CASH FLOWS FROM DISCONTINUED ASSETS/ASSETS HELD FOR SALE (D)			
E. TOTAL CASH FLOW (A+B+C+D)		9,755	28,454
F. INITIAL NET FINANCIAL LIQUIDITY (INITIAL NET FINANCIAL INDEBTEDNESS)			
		68,629	45,499
G. NET EFFECT OF THE CONVERSION OF FOREIGN CURRENCIES ON LIQUIDITY			
H. FINAL NET FINANCIAL LIQUIDITY (FINAL NET FINANCIAL INDEBTEDNESS) (E+F+G)	23	78,384	73,953

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

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

Cash and cash equivalents	68,629	45,499
Bank overdrafts		
Discontinued operations		
	68,629	45,499

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

Cash and cash equivalents	78,384	73,953
Bank overdrafts		
Discontinued operations		
	78,384	73,953

Interest expense paid in the first nine months of 2015 amounted to around Euro 23,000 thousand (Euro 26,252 thousand in 2014).

Taxes paid in the first nine months of 2015 amounted to around Euro 2,881 thousand (Euro 63 thousand in the first nine months of 2014).

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 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 30 September 2015 comprise the financial statements of SNAI S.p.A. and the following subsidiaries, which are consolidated on a line-by-line basis:

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

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

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

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

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

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

In execution of the aforesaid agreement, an extraordinary shareholders' meeting of Finscom was held on 8 April 2015. The meeting resolved on the following: (i) settlement of losses and re-establishment of Finscom's share capital (Euro 25,000.00), partly through the corresponding waive of some amounts receivable and partly through the increase of the share capital reserved to SNAI and SNAI Rete Italia S.r.l. (subject indicated by SNAI pursuant to the Debt Restructuring Agreement), as well as (ii) the revocation of the liquidation position of Finscom.

Following the waive by Finscom's shareholders to their right of subscribing the reserved share capital increase as per Art. 2481-bis of the Italian Civil Code, SNAI subscribed and released the reserved share capital increase by offsetting the amounts receivable from Finscom with the entire principal (total amount of Euro 2,662,145.02). SNAI Rete Italia S.r.l. subscribed and released the reserved share capital increase through the payment in cash of Euro 2,363,438.09.

At the end of the aforesaid transactions, Finscom's share capital was now entirely held by the new shareholders SNAI and SNAI Rete Italia S.r.l., in the percentage of 52.97% and 47.03%, respectively.

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

The consolidated financial statements as at 30 September 2015 were approved by the directors of the Parent Company at the board of directors' meeting held on 12 November 2015 and then authorized for publication as provided by law.

Seasonality

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

1.1 Directors' estimates related to the going concern requirements

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

In particular, with respect to the financial statements as at 30 September 2015, the Group reported a net loss of Euro 14 million and shareholders' equity came to Euro 35.6 million. Net financial indebtedness, equal to Euro 401.4 million, is mainly composed of bond loans issued and subscribed on 4 December 2013, to be repaid in 2018.

Directors highlight the fact that the results, in the first nine months of 2015, are lower than those reported in the first nine months of the previous year, in spite of the positive effect of the Barcrest transaction. With respect to forecasts, the business performance was lower than expected due to certain major factors: i) the excellent results of the Gaming Machines (ADI) segment; ii) lower than expected revenues from sports betting, also due to a better payout, which reached 82%; the performance of which, albeit above the average recorded over the last few years, is within the normal fluctuation of this variable, still better than market average, as well as lower wagers, also due to some critical issues connected with a portion of the distribution network and the already solved shutdown of some gaming points, iii) lower revenues and margins generated by bets on virtual events and horse racing, partly due to the aforesaid critical issues connected with the shutdown of some gaming points; iv) the performance of the skill games, which was below expectations in terms of revenues and margins.

The Directors prepared a strategic plan for 2014-2016 fiscal years (the "2014-2016 Plan" or the "Plan"), approved last 14 March 2014, whereby, at the end of the three-year period, revenues and margins will have grown significantly and a positive economic result will be achieved, whilst the consolidated Shareholders' Equity will be substantially unchanged with respect to 2013, there will be adequate operating cash flows to finance the investments necessary for the business development and to cover financial expenses generated by indebtedness. In the meeting of the BoD held on 12 March 2015, the Plan itself was 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. 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.

Within this framework, with a reduced shareholders' equity, which limits the Company's ability to absorb further losses, and negative effects and uncertainties generated by the new rules set out by the Stability Law, the Group reacted with significant growth expectations in terms of wagers, which would have affected revenues and margins, and would have been based on a number of initiatives. The latter are focused on a strong increase in the Live and On Line offer, wider offers related to virtual events, as well as the continuation of the reallocation plan of VLT terminals to better performing locations. Moreover, the company's performance should also benefit from the fact that a number of measures were adopted aiming at achieving a more effective and performing risk management related to the payout on sports betting, whose effect will be appreciated over a medium-term period. These expectations are to be combined with those related to the management agreement, which better aligns SNAI's interests with those of the Operators, and to the improved automatic controls on the betting acceptance system, which have already helped to generate a better performance with respect to competitors.

The Plan, also in its updated version approved on 12 March 2015, therefore defines a path towards the achievement of an economic and financial balance. Some uncertainties are however still present in relation to: (1) the actual achievement of operating and economic-financial results substantially consistent with expected growth in revenues and margins in the various business segments, necessary to maintain the Company's Shareholders' Equity, (2) the Company's ability to obtain the necessary resources to repay and/or replace the outstanding bond loans upon maturity and, more generally, (3) the uncertainty connected with the occurrence of future events and the characteristics of the 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 accounts are based.

As regards equity/economic issues, positive effects will be reported in the near future due to the finalisation of the Cogemat Group's acquisition, together with a share capital increase, a better Net Debt/EBITDA ratio, as well as an increase in the total ratio of expected EBITDA, which will be possibly further increased thanks to cost synergies and a higher efficiency obtained.

While evaluating the uncertainties identified, Directors also considered that the impact on the Group of possible unfavourable deviations, which should occur in aggregate on the results of 2015 with respect to estimates, will be partially offset by 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 further deviations in performance that might affect the current and 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 near 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 30 September 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 21 clarifies that an entity recognises a liability for levies not before the occurrence of the event to which the payment is connected, in compliance with applicable law. As regards payments that are due only upon the overcoming of a specific minimum threshold, the liability is recorded only when such threshold is reached. IFRIC 21 will be applied retrospectively. This interpretation shall be applied to financial statements beginning on, or after, 17 June 2014.

The accounting layouts adopted by the SNAI Group for the fiscal period ended on 30 September 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 (formerly known as new slots) and through VLTs (videolotteries) as well as on-line skill, bingo and casino games. That market is regulated by the State authorities by issuing concessions.

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

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

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

3. Operating segments

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

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

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

- **Betting Services:** this segment includes operations related to the on-line services supplied to betting acceptance points. These activities are essentially managed by SNAI S.p.A., with respect to the portion related to the gaming and betting sector;
- **Management of Racetracks:** this segment includes operations related to the management of the racetracks, including real estate management and organization of races. These activities are managed by Società Trenno S.r.l. and 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; these activities are substantially managed by SNAI S.p.A., SNAI Rete Italia S.r.l. and Finscom S.r.l.;
- **Television Services:** this segment includes operations related to television and radio 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	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014	30.09.2015	31.12.2014	30.09.2015	31.12.2014	30.09.2015	31.12.2014	30.09.2015	31.12.2014	30.09.2015	31.12.2014
Sector assets	9,119	5,618	8,477	4,756	369,492	227,749	7,975	10,431	764	1,055	0	0	395,827	249,609
Property, plant and equipment and intangible assets	12,226	12,629	104,626	102,319	328,159	345,891	3,392	3,725	2	4	0	0	448,405	464,568
Unallocated property, plant and equipment and intangible assets													14,332	13,744
Shareholdings in associates	0	0	2,410	2,315	0	0	0	0	46	49	0	0	2,456	2,364
Unallocated assets													3,952	5,379
Total Assets	21,345	18,247	115,513	109,390	697,651	573,640	11,367	14,156	812	1,108	0	0	864,972	735,664
Sector liabilities	2,666	3,269	8,242	8,131	793,159	649,700	2,708	2,858	286	932	0	0	807,061	664,890
Unallocated liabilities													22,358	22,673
Total Liabilities	2,666	3,269	8,242	8,131	793,159	649,700	2,708	2,858	286	932	0	0	829,419	687,563
Investments:														
Property, plant and equipment and intangible assets	0	713	5,205	1,521	18,441	13,331	460	383	0	0	0	0	24,106	15,948
Unallocated property, plant and equipment and intangible assets													2,457	2,642

Nine months of 2015

(amounts in thousands of Euro)

	Betting Services		Management of Racetracks		Concessions		Television Services		Other		Eliminations		Total consolidated	
	First nine months of 2015	First nine months of 2014	First nine months of 2015	First nine months of 2014	First nine months of 2015	First nine months of 2014	First nine months of 2015	First nine months of 2014	First nine months of 2015	First nine months of 2014	First nine months of 2015	First nine months of 2014	First nine months of 2015	First nine months of 2014
	Sector revenues	9,718	8,936	7,406	5,235	379,124	372,253	6,861	6,861	196	632	0	0	403,305
Inter-sector revenues	146	3,313	195	179	5	5	2,242	2,255	407	413	(2,995)	(6,165)	0	0
Results of operations	3,908	4,733	(4,464)	(6,244)	32,365	35,167	838	964	464	703	0	0	33,111	35,323
Quotas of results of operations pertaining to shareholdings	0	0	95	(454)	0	0	0	0	(40)	(4)	0	0	55	(458)
Financial (expenses) and income	(39)	(54)	(26)	(47)	(42,177)	(45,321)	(26)	(19)	(63)	731	0	0	(42,331)	(44,710)
Income tax													(4,834)	(98)
Profit/(Loss) for the period													(13,999)	(9,943)
The results of operations include: Amortisation, depreciation and write-downs	(630)	(347)	(2,902)	(2,975)	(37,618)	(39,683)	(793)	(821)	(2)	(10)	0	0	(41,945)	(43,836)

QIII 2015

(amounts in thousands of Euro)

	Betting Services		Management of Racetracks		Concessions		Television Services		Other		Eliminations		Total consolidated	
	QIII 2015	QIII 2014	QIII 2015	QIII 2014	QIII 2015	QIII 2014	QIII 2015	QIII 2014	QIII 2015	QIII 2014	QIII 2015	QIII 2014	QIII 2015	QIII 2014
Sector revenues	3,010	3,003	2,055	1,752	113,058	123,043	2,285	2,287	86	141	0	0	120,494	130,226
Inter-sector revenues	67	1,254	75	60	1	0	746	757	149	141	(1,038)	(2,212)	0	0
Results of operations	860	1,728	(1,800)	(2,055)	(254)	11,361	414	375	409	587	0	0	(371)	11,996
Quotas of results of operations pertaining to shareholdings	0	0	0	(14)	0	0	0	0	0	0	0	0	0	(14)
Financial (expenses) and income	(25)	(15)	(9)	(12)	(14,708)	(14,791)	(3)	(30)	(6)	317	0	0	(14,751)	(14,531)
Income tax													789	(422)
Profit/(Loss) for the period													(14,333)	(2,971)
The results of operations include: Amortisation, depreciation and write-downs	(351)	(106)	(992)	(992)	(11,729)	(13,165)	(254)	(267)	(1)	(4)	0	0	(13,327)	(14,534)

The following is highlighted in the first nine months of 2015:

- the operating result of the "Concessions" segment is lower than the result reported in the same period of 2014, due to the combined effect of i) good results of the Gaming Machines (ADI) segment; ii) fall of revenues from sports betting, compared to the previous year due to both lower wagers, also due to some critical issues connected with a portion of the distribution network, and a better payout, which reached 82%; the performance of which is within the normal fluctuation of this variable, still better than market average, iii) lower revenues and margins generated by bets on virtual events, partly due to the aforesaid critical issues connected with the shutdown of some gaming points; iv) the performance of the skill games, which was lower than last year, in

terms of revenues and margins; v) the positive effect connected with the Barcrest transaction; vi) the allocation for possible liabilities related to personnel, as set out in the lease agreement with envisaged purchase of SIS business unit that might occur within SIS over the next few months (see Note 4);

- better operating results of the "Management of racetracks" segment, partly connected with the opening of the new racetrack "La Maura" in Milan, as well as the balance of remuneration for 2012 and 2013 years by MIPAAF.

4. Business combination

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.

In execution of the aforesaid agreement, an extraordinary shareholders' meeting of Finscom was held on 8 April 2015. The meeting resolved on the following: (i) settlement of losses and re-establishment of Finscom's share capital (Euro 25,000.00), partly through the corresponding waive of some amounts receivable and partly through the increase of the share capital reserved to SNAI and SNAI Rete Italia S.r.l. (subject indicated by SNAI pursuant to the Debt Restructuring Agreement), as well as (ii) the revocation of the liquidation position of Finscom.

Following the waive by Finscom's shareholders to their right of subscribing the reserved share capital increase as per Art. 2481-bis of the Italian Civil Code, SNAI subscribed and released the reserved share capital increase by offsetting the amounts receivable from Finscom with the entire principal (total amount of Euro 2,662,145.02). SNAI Rete Italia S.r.l. subscribed and released the reserved share capital increase through the payment in cash of Euro 2,363,438.09.

At the end of the aforesaid transactions, Finscom's share capital was now entirely held by the new shareholders SNAI and SNAI Rete Italia S.r.l., in the percentage of 52.97% and 47.03%, respectively.

On 20 June 2015, Finscom S.r.l. was no longer in liquidation, nor under the composition with creditors procedure.

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

Disbursement for acquisition:

	thousands of Euro
Net liquidity acquired with the subsidiary	2,279
Payments already settled	(2,363)
	<u>(84)</u>

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

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

The difference between the purchase price of the shareholding and the fair value of the above-mentioned acquired assets was accounted for as goodwill.

It should be noted that the surplus between the price paid and net assets acquired was allocated to goodwill, while awaiting the final Purchase Price Allocation that will be defined with the support of an external independent consultant.

SIS Business Unit

On 7 July 2015, SNAI S.p.A. and SNAI Rete Italia S.r.l. subscribed a lease agreement and following acquisition of a business unit of SIS S.r.l. in liquidation, composed of 55 gaming shops located in various Italian regions. Since its establishment, SIS has been connected with SNAI Group as it is its first operator in wagers from gaming machines. This acquisition was made to safeguard the Group distribution network.

The signature was authorized by the bodies supervising the composition with creditors of SIS S.r.l. depending, before the Court of Rome, on the favourable outcome of a public tender to which SNAI S.p.A. and its subsidiary SNAI Rete Italia S.r.l. took part.

The final acquisition of the company, undertaken by SNAI and SNAI Rete Italia with the entering into the agreement in question, will take place once the Plan related to the composition with creditors of SIS S.r.l. is endorsed by the Court of Rome, and in any case not later than 30 June 2016. The preliminary lease was instrumental to enable the early re-starting of activities. In this view, the shops were re-opened as from August.

The lease agreement entered in force on 22 July 2015.

The effective date of the lease and subsequent transfer of the business unit of SIS was deferred until conclusion of consultations as per Art. 47, par. 1 of Law 428/1990, instrumental to the lease and subsequent transfer of the Business Segment.

Business Segment means the business unit related to SIS that operates in the management of SIS gaming points, which are involved in wagers from bids, gaming machines and other public games, authorised by ADM, pursuant to provisions set out by the SNAI-SIS Pending Agreements.

SNAI S.p.A.'s offer, drawn up also in the name and on behalf of the subsidiary SNAI Rete Italia S.r.l., strived to allow the composition with creditors to achieve the following:

- (a) the entire satisfaction of preferential and 100% unsecured creditors;
- (b) the entire payment of pre-deductible costs and of the so-called "cash flows related to the period";
- (c) the waive of the entire receivables of SNAI S.p.A. with respect to SIS on 21 January 2015, both principal and interest, for a total amount of around Euro 12.9 million upon transfer of the Business Unit;
- (d) the immediate operation of the Business Unit until end of selection;
- (e) the commitment of SNAI S.p.A. to guarantee payments made by SIS with respect to some potential liabilities;
- (f) the continuation of pending agreements SNAI S.p.A./SIS, for the remaining 7 years of duration of the agreements on AWP/VLTs, and until 30 June 2016 for agreements on betting.

The total purchase price was agreed on a maximum amount of Euro 10,862 thousand (to be paid excluding the lease paid by SNAI Rete Italia to SIS until finalization of the transfer). It should be also considered that the final purchase price of the Business Segment is subject to adjustments based on special terms and conditions agreed upon with the selling party.

To date, one deposit, equal to Euro 1,300 thousand, has been allocated to guarantee the fulfilment of all payment obligations undertaken with the lease of the SIS business unit.

Disbursement for acquisition:

	thousands of Euro
Payments already settled	(1,300)
Remaining amount due for the acquisition	(7,062)
Guaranteed possible liabilities	(2,500)
Total	<u>(10,862)</u>

Amounts disclosed at fair value of assets acquired with the rental of the business unit of SIS are reported hereunder:

thousands of Euro	fair value
Fixed assets	1,070
Total Assets	<u>1,070</u>
Total Liabilities	<u>0</u>
Net assets	<u>1,070</u>

Goodwill	7,292
Possible guaranteed liabilities	2,500
Total purchase cost	10,862

Moreover, the payment of a price for the lease and envisaged acquisition, agreed in the amount of Euro 8,326 thousand, was set out in the agreement, in the maximum amount of Euro 2,500 thousand, to cover possible liabilities related to personnel that might occur in SIS over the next few months. As at 30 September 2015, transactions totalling Euro 194 thousand had already been defined. Directors deemed that the payment of the entire amount envisaged as guarantee is likely to occur. Therefore, they deemed it suitable to allocate the remaining amount, equal to Euro 2,306 thousand, to a provision for risks by reason of the fact that the above-mentioned goodwill of Euro 7,292 thousand was deemed as more suited to reflect the capital gain of the acquired business unit than the total surplus of the total price paid over the net assets acquired, amounting to Euro 9,792 thousand.

The price difference between the lease and the subsequent acquisition of the Business Unit, and the fair value of the acquired assets was accounted for as goodwill and amounted to Euro 7,292 thousand, while awaiting the final Purchase Price Allocation that will be defined with the support of an external independent consultant.

Notes on the main items of the consolidated comprehensive income statement

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

5. Revenues from sales and services

The amount of revenues from sales of goods and services in the first nine months of 2015 was equal to Euro 374,408 thousand versus Euro 393,338 thousand, and is detailed below:

III quarter			thousands of Euro	First nine months		
2015	2014	Change		2015	2014	Change
22,186	33,249	(11,063)	Net revenues from the collection of fixed-odds and reference sports and horse racing betting	73,212	105,817	(32,605)
3,613	3,988	(375)	Revenues from totalisator, national horse racing/sports forecast bets	12,780	15,001	(2,221)
73,787	69,080	4,707	Revenues from Gaming Machines	222,878	199,769	23,109
4,346	4,614	(268)	Net revenues from on-line games (Skill/Casino/Bingo)	13,316	15,125	(1,809)
794	761	33	Revenues from betting collection services	2,743	2,608	135
8,377	11,278	(2,901)	Revenues from virtual events	26,026	33,399	(7,373)
706	811	(105)	Revenues from virtual event services	2,278	2,033	245
720	699	21	Revenues from commissions	2,378	2,634	(256)
0	0	0	Revenues from third party on-line gaming services (GAD)	0	8	(8)
1,110	1,241	(131)	Revenues from service and assistance contracts	3,472	3,782	(310)
1,291	1,047	244	Revenues from the operation of betting services at racetracks	5,303	3,187	2,116
310	283	27	Operation of racetrack and real estate properties	920	878	42
2,486	2,429	57	Revenues from television services and related services	7,351	7,206	145
90	135	(45)	Revenues from organisation and technology sales	171	609	(438)
367	425	(58)	Other services and sales to third parties	1,580	1,282	298
120,183	130,040	(9,857)	Total	374,408	393,338	(18,930)

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.

III quarter			First nine months	
2015	2014	thousands of Euro	2015	2014
146,369	147,999	Fixed-odds Sports Betting	503,971	549,489
(117)	(71)	Refunds of Fixed-odds Sports Betting	(404)	(374)
(119,196)	(109,392)	Winnings of Fixed-odds Sports Betting	(412,836)	(423,647)
(5,464)	(5,837)	Fixed-odds Sports Single Tax	(19,296)	(21,731)
21,592	32,699	Net Fixed-odds Sports Betting	71,435	103,737
7,253	6,504	Fixed-odds Horse Racing Bets and Reference Horse Racing Bets	22,072	20,532
(45)	(53)	Fixed-odds Horse Racing and Reference Horse Racing Refunds	(125)	(152)
(5,723)	(5,088)	Fixed-odds Horse Racing and Reference Horse Racing Winnings	(17,460)	(15,730)
(293)	(267)	Fixed-odds Horse Racing and Reference Horse Racing Single Tax	(891)	(845)
(598)	(546)	Horse Racing Withholding	(1,819)	(1,725)
594	550	Net Fixed-odds and Reference Horse Racing Betting	1,777	2,080
22,186	33,249	Total net revenues from fixed-odds and reference betting	73,212	105,817

Net revenues from sports betting decreased, compared to amounts reported in the first nine months of the previous year, due to higher payout and lower wagers in the gaming machines segment, also according to a certain number of gaming points that were closed in the first eight months of the year, given the financial position of the management

company. In the first nine months of 2015, the payout on sports betting amounted to approximately 82% compared to 77.2% in the first nine months 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 Gaming Machines amounted to a total of Euro 222,878 thousand in the first nine months of 2015, which is stated inclusive of the compensation granted by contract to the manager or operator. Such costs are explained under the item "Costs of third-party services and leasing/rental expenses" in Note 8. It should be recalled that the concession holders are required to pay to ADM (pursuant to the Law Decree no. 95 of 6 July 2012. Since 1 December 2012, the Customs incorporated the AAMS office, thus becoming ADM, Agenzia delle Dogane e dei Monopoli (Customs and Monopoly Agency), an amount equal to 0.50% of the wagers played on each of the gaming devices connected to the electronic network as a guarantee deposit, to secure the achievement of the pre-established service levels. The balance sheet shows the amount of Euro 11,024 thousand paid for the "Entertainment machine guarantee deposit" in the first half of 2015 (see Note 21).

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

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

III quarter			First nine months	
2015	2014	thousands of Euro	2015	2014
165,937	169,687	On-line Skill and Casino Games	514,194	561,189
(160,280)	(163,648)	Winnings	(496,790)	(541,377)
(1,311)	(1,425)	Single Tax	(4,088)	(4,687)
4,346	4,614	Net revenues from on-line games (Skill/Casino/Bingo)	13,316	15,125

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

6. Other revenue and income

The other revenue and income item, equal to Euro 28,897 thousand in the first nine months of 2015 (Euro 579 thousand in the first nine months of 2014) is broken down as follows:

III quarter				First nine months		
2015	2014	Change	thousands of Euro	2015	2014	Change
36	37	(1)	Lease of assets and chargeback of ancillary expense	115	126	(11)
162	6	156	Active trading	28,294	21	28,273
22	15	7	Revenue from compensation and reimbursement for damages	25	66	(41)
13	13	0	Grants to UNIRE investments fund	40	40	0
(14)	31	(45)	Capital gain from the sale of assets	26	62	(36)
92	84	8	Other revenue and income	397	264	133
311	186	125	Total	28,897	579	28,318

Active trading, amounting to Euro 28,294 thousand, are primarily related, in the amount of Euro 27,457 thousand, to the transaction, finalised on 19 February 2015, between SNAI, on the one part, and Barcrest Group Limited and The Global Draw Limited, on the other part, with their parent company Scientific Games Corporation, to settle a number of pending issues between the parties following the well-known events occurred in April 2012. SNAI waived the actions in the Roman case that, at the same date, following the joint request submitted by the parties, was declared cancelled, with legal expenses offset, and reached an agreement with the above companies on pending cases and the payment of damages and costs already borne, including some guarantees on the cases themselves.

7. Raw materials and consumables

Raw materials and consumables amounted to a total of Euro 412 thousand in the first nine months of 2015 and Euro 111 thousand in the third quarter 2015 (Euro 853 thousand in the first nine months of 2014 and Euro 217 thousand in

the third quarter of 2014), and mainly related to materials used in wagers, technology and the furnishing installed in the new sales points.

8. Costs for services and use of third party assets

Costs for services and use of third party assets amounted to a total of Euro 267,129 thousand in the first nine months of 2015 (Euro 264,542 thousand in the first nine months of 2014) and are detailed below:

III quarter			thousands of Euro	First nine months		
2015	2014	Change		2015	2014	Change
11,881	15,060	(3,179)	Betting acceptance management	44,191	55,575	(11,384)
56,104	51,484	4,620	Gaming Machine services	169,451	147,445	22,006
1,104	1,135	(31)	On-line games management (Skill/Casino/Bingo)	3,289	3,612	(323)
394	405	(11)	Bookmakers	1,287	1,357	(70)
1,132	1,490	(358)	On-line gaming services	3,762	4,845	(1,083)
3,280	5,043	(1,763)	Virtual races management costs	10,652	16,026	(5,374)
414	352	62	Management of Racetracks	989	810	179
1,704	1,966	(262)	Television and radio services	5,520	5,763	(243)
96	96	0	Rent of stations	288	288	0
816	850	(34)	Consultancy cost and expense reimbursements	4,808	2,869	1,939
1,870	1,783	87	Utilities and telephone	5,409	5,400	9
2,161	1,928	233	Equipment repair and maintenance	6,142	6,120	22
915	1,561	(646)	Advertising and promotion	2,317	5,368	(3,051)
169	401	(232)	Installations, logistics and design	543	1,105	(562)
197	139	58	Personnel costs for collaborations and other	396	339	57
401	356	45	Insurance and guarantees	1,131	1,115	16
45	146	(101)	Market research	166	399	(233)
178	86	92	Marketing materials	553	353	200
697	172	525	Lease fees and ancillary charges	1,202	578	624
394	242	152	Operating leases and other leasing	964	725	239
484	482	2	Directors' fees	1,149	1,544	(395)
107	109	(2)	Independent Auditors' fees	507	477	30
61	62	(1)	Statutory Auditors' fees	171	185	(14)
45	38	7	Regulation authority and other committees fees	135	115	20
9	1	8	Expense reimbursement to directors and auditors	18	28	(10)
769	566	203	Other	2,089	2,101	(12)
85,427	85,953	(526)	Total	267,129	264,542	2,587

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 55,575 thousand in the first nine months of 2014 to Euro 44,191 thousand in the first nine months of 2015. The decrease results from to lower wagers on sports and horseracing bets in the physical network for the reasons shown in the previous Note 5;
- costs for Gaming Machine services (totalling Euro 169,451 thousand compared to Euro 147,445 thousand in the first nine months of 2014) comprise fees paid to third party operators charged of wagers and running costs for VLT platforms;
- virtual events management costs (Euro 10,652 thousand compared to Euro 16,026 thousand in the first nine months of 2014), including costs related to both operator and platform. The decrease is due to lower wagers.

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

9. Costs of personnel

The costs of personnel totalled Euro 28,843 thousand in the first nine months of 2015, compared to Euro 26,834 thousand in the first nine months of 2014, up by Euro 2,009 thousand (7.5%) primarily due to the lease of the business unit of SIS S.r.l. occurred on 22 July and subsequent undertaking of the various costs of personnel, employed or not.

Special care was cast on conciliation settlements that took place in the July-September period to formalise 154 collaboration relations (Co.Co.Pro.).

III quarter			thousands of Euro	First nine months		
2015	2014	Change		2015	2014	Change
6,005	5,866	139	Salaries and wages	19,583	18,538	1,045
1,849	1,896	(47)	Social security expenses	6,162	5,725	437
430	364	66	Accrual to defined-benefit/defined-contribution plans	1,211	1,083	128
7	22	(15)	Costs for personnel training	31	64	(33)
157	112	45	Expense reimbursement to employees	446	497	(51)
207	202	5	Meal tickets	628	590	38
432	19	413	Other costs of personnel	782	337	445
9,087	8,481	606	Total	28,843	26,834	2,009

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 workforce as at 30 September 2015 is illustrated by the following table, which shows an increase of 263 individuals compared to 31 December 2014, mainly due to implementation of the Parent Company's core business structures, as well as to the acquisition of the company Finscom S.r.l., the newly incorporated SNAI Rete Italia S.r.l., as well as the lease of the company SIS.

30.09.2014		31.12.2014	Business combination	Accruals for the period	Disbursements for the period	30.09.2015	Average no. in period
26	Executives	27	0	3	2	28	27
624	Office workers and middle managers	598	211	107	53	863	721
66	Blue-collar workers	65	0	0	3	62	65
716	* Total Employees	690	**	211	110	953	***

* of whom 138 part-time and 19 on maternity leave

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

*** of whom 199 part-time and 26 on maternity leave

10. Other operating costs

Other operating costs amounted to a total of Euro 30,375 thousand in the first nine months of 2015 (Euro 23,215 in the first nine months of 2014).

III quarter			thousands of Euro	First nine months		
2015	2014	Change		2015	2014	Change
3,879	3,724	155	Concessions and licenses	11,675	11,188	487
1,515	0	1,515	Stability Law cost	4,464	0	4,464
10	62	(52)	Administration fines	65	385	(320)
1,012	1,358	(346)	% non-deductible VAT	3,318	4,355	(1,037)
2,249	3,441	(1,192)	Provision for doubtful debts	5,608	5,468	140
242	26	216	Credit losses	794	413	381
0	0	0	Release of provision for technological upgrading	0	(2,591)	2,591
149	113	36	Provision for risks	308	335	(27)
21	35	(14)	Entertainment expenses	66	97	(31)
22	46	(24)	Subscription fees	125	191	(66)
136	169	(33)	Other taxes	402	519	(117)
266	316	(50)	IMU (real estate tax)	796	948	(152)
70	74	(4)	Stationery, consumables and promotional materials	145	236	(91)
31	30	1	Environmental and health controls	98	84	14

1,066	7	1,059	Losses on settlement of disputes	2,055	149	1,906
77	248	(171)	Capital losses from sale of assets	126	1,188	(1,062)
155	80	75	Other administration and operating costs	330	250	80
10,900	9,729	1,171	Total	30,375	23,215	7,160

The concessions and licenses item includes, among other things:

- the concession fee for the legal gaming on gaming machines of Euro 6,614 thousand, calculated at 0.30% of the volume wagered and paid to ADM on a bimonthly basis;
- the marketing of public gaming concessions on the rights awarded through the call for tenders in 2006 (“Bersani rights”) and the rights awarded through the call for tenders in 2008 (“Giorgetti rights”), and the rights awarded through the call for tenders in 2012 (“Monti rights”), in the amount of Euro 4,209 thousand;
- the concession fee for remote public gaming, in the amount of Euro 450 thousand;
- the television licence fees in the amount of Euro 264 thousand.

The item Stability Law cost, amounting to Euro 4,464 thousand, is related to costs, pertaining to SNAI for the first nine months of 2015, as envisaged by the Stability Law, approved by the Parliament at the end of December 2014, which, amongst other, outlined that the total amount of Euro 500 million be charged to the distribution segment of gaming machines (both AWP and VLT). This amount is apportioned according to the number of machines referable to each single concession holder, as quantified by the Directorial Decree no. 4076/2015 issued by ADM on 15 January 2015. Based on this decree, the amount related to the distribution segment for gaming machines related to SNAI was equal to Euro 37,792 thousand. The most relevant portion of this amount, around Euro 31 million, was charged to the distribution segment (for further detail see Notes 20, 21 and 30).

In the first nine months of 2015, an allocation was set aside to the Provision for doubtful debts, in the amount of Euro 5,608 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 nine months of 2015, an allocation was set aside to the Provision for risks for technological upgrading, in the amount of Euro 308 thousand, as provided for by the concession agreement for the building and running of networks for the on-line management of legal gaming via gaming machines, in accordance with Art. 110, par. 6, of the T.U.L.P.S. [Consolidated Text of Public Safety Laws], as per 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 3,318 thousand, relates to particular operations performed by SNAI S.p.A., Trenno S.r.l., SNAI Rete Italia S.r.l. and Finscom S.r.l., which generate, in part, the revenues subject to VAT taxation and in part revenues exempt from VAT, with consequent impact on the non-deductibility of VAT on purchases.

The companies SNAI S.p.A., and Società Trenno S.r.l. 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 is entirely non-deductible.

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

11. Capitalised internal construction costs

Capitalised internal construction costs, amounting to a total of Euro 675 thousand in the first nine months of 2015 (Euro 675 thousand in the first nine months of 2014) are essentially related to software generated internally for:

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

12. Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs amounted to a total of Euro 41,945 thousand in the first nine months of 2015 (Euro 43,836 thousand in the first nine months of 2014) and are detailed below:

2015	III quarter		thousands of Euro	First nine months		
	2014	Change		2015	2014	Change
9,001	10,139	(1,138)	Amortisation of intangible assets	29,042	30,181	(1,139)
4,226	4,423	(197)	Depreciation of property, plant and equipment	12,656	13,434	(778)
100	(28)	128	Write-downs	247	221	26
13,327	14,534	(1,207)	Total	41,945	43,836	(1,891)

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

13. Financial income and expenses

In the first nine months of 2015, net financial expenses amounted to Euro 42,276 thousand, down by Euro 2,892 thousand over the first nine months of 2014, as detailed below:

2015	III quarter		thousands of Euro	First nine months		
	2014	Change		2015	2014	Change
Gains and expenses from shareholdings						
0	(14)	14	Write-up/(write-down) Alfea S.p.A.	121	(18)	139
0	0	0	Write-up/(write-down) Hippogroup Roma Capannelle S.p.A.	(26)	(436)	410
0	0	0	Write-up/(write-down) Solar S.A.	(40)	0	(40)
0	0	0	Write-up/(write-down) shareholding in Connex S.r.l.	0	(4)	4
0	(14)	14		55	(458)	513
Financial income						
2	0	2	Gains on foreign exchange	6	1	5
223	305	(82)	Bank interest income	793	907	(114)
57	75	(18)	Misc. interest income	149	230	(81)
282	380	(98)		948	1,138	(190)
Financial expenses						
13,055	12,311	744	Interest expense on bond loan	37,492	37,566	(74)
25	70	(45)	Other interest expense	121	232	(111)
0	0	0	Bank interest expense	1	0	1
1	6	(5)	Exchange rate losses	20	10	10
37	604	(567)	Interest expense and ancillary charges on leasing	174	2,460	(2,286)
17	30	(13)	Interest expense on post-employment benefits	47	90	(43)
1,898	1,890	8	Other financial expenses	5,424	5,490	(66)
15,033	14,911	122		43,279	45,848	(2,569)
(14,751)	(14,545)	(206)	Total	(42,276)	(45,168)	2,892

Financial income includes interest income accrued on bank accounts in the amount of Euro 793 thousand and other interest income for Euro 149 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 37,492 thousand of which Euro 2,536 thousand can be attributed to ancillary costs. These charges are related, in the amount of Euro 2,472, to bond loans issued on 8 November 2013 (fully repaid on 5 May 2015) and on 4 December 2013, for an aggregate amount of Euro 480,000 thousand, and, in the amount of Euro 64 thousand, to the bond loan issued on 28 July 2015, for an aggregate amount of Euro 110 thousand. The related amounts are credited on an escrow account until the occurrence of conditions precedent and upon enforceability of the acquisition of Cogemat/Cogetech Group (for further details on bond loans, reference is made to Note 28);
- interest expense calculated on financial leasing in the amount of Euro 103 thousand and ancillary charges on leasing for Euro 71 thousand, including non-deductible VAT;
- other financial expenses, including Euro 2,197 thousand for the release of the portion pertaining of the cash flow hedge reserve related to hedge derivatives existing in 2013, Euro 1,791 thousand of commissions on bank

guarantees, Euro 462 thousand of commissions payable on revolving loans and Euro 798 thousand of bank charges.

14. Income tax

Current income taxes, inclusive of IRES tax and IRAP tax of the subsidiaries consolidated on a line by line basis, as well as the deferred tax assets and liabilities recorded in the first nine months of 2015, show a negative balance of Euro 4,834 thousand.

III quarter		thousands of Euro	First nine months	
2015	2014		2015	2014
(183)	0	IRES	0	0
113	747	IRAP	1,764	2,001
1,395	1,276	Allocation to provision for deferred tax liabilities	4,007	3,467
(44)	(45)	Use of provision for deferred tax liabilities	(133)	(410)
(1,553)	(1,676)	Deferred tax assets	(2,330)	(7,894)
(517)	120	Reversal of deferred tax assets	1,590	2,933
0	0	IRES/IRAP for prior years	(64)	1
(789)	422	Total	4,834	98

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

	First nine months of 2015		First nine months of 2014	
Profit before tax		(9,165)		(9,845)
Theoretical IRES tax charge	27.50%	2,520	27.50%	2,707
Theoretical IRAP tax charge	5.12%	469	4.72%	465
Total Theoretical tax (charge)/credit		2,990		3,172
Fines, penalties and other taxes		(192)		(332)
Other permanent non-deductible costs		(5,253)		(348)
Other permanent tax deductions		468		219
		(1,987)		2,711
Permanent differences for IRAP tax purposes (including employees)		(2,911)		(2,808)
		(4,898)		(97)
Tax and duties for prior year		64		(1)
Actual tax (charge)/credit	52.75%	(4,834)	0.99%	(98)

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

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

Notes to the main items of the consolidated balance sheet

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

15. Property, plant and equipment

Property, plant and equipment as at 30 September 2015 amounted to Euro 140,294 thousand (Euro 143,924 thousand). The change over the period is due to the combined effect of the depreciation charge for the period (Euro 12,656 thousand), investments (Euro 8,291 thousand), business combination, less accumulated depreciation (Euro 1,155 thousand), impairment write-downs (Euro 247 thousand) and disposals, less accumulated depreciation (Euro 173 thousand).

In thousands of Euro	Land and buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Cost						
Balance as at 31 December 2014	142,493	170,250	7,347	22,347	789	343,226
Business combination		10,416	108	4,415		14,939
Reclassification	109	548	0	117	(774)	0
Other increases	3,951	3,758	45	448	89	8,291
Decreases	0	(295)	(17)	(928)	0	(1,240)
Balance as at 30 September 2015	146,553	184,677	7,483	26,399	104	365,216
Depreciation and impairment losses						
Balance as at 31 December 2014	36,938	140,960	6,954	14,450	0	199,302
Business combination		9,510	107	4,167		13,784
Depreciation for the period	2,350	8,511	78	1,717		12,656
Impairment losses	0	190		57		247
Disposals	0	(278)	(16)	(773)		(1,067)
Reclassification	0	0	0	0	0	0
Balance as at 30 September 2015	39,288	158,893	7,123	19,618	0	224,922
Carrying amounts						
As at 31 December 2014	105,555	29,290	393	7,897	789	143,924
As at 30 September 2015	107,265	25,784	360	6,781	104	140,294

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

The increases as at 30 September 2015, in the amount of Euro 8,291 thousand, mainly related to:

- the Land and Buildings item, in the amount of Euro 3,951 thousand, as follows: Euro 3,061 thousand the New Racetrack of Milan (Ippodromo della Maura), Euro 877 thousand primarily related to consolidation and improvement to the structures at the Ippodromo del Galoppo [Milan gallop racetrack], Euro 13 thousand related to works on the building of the registered office;
- "Plant and equipment", in the amount of Euro 3,758 thousand, related for Euro 1,261 thousand to technology loaned free of charge to the sales points, for Euro 991 thousand to electro-thermal and electric plant (of which Euro 853 thousand for the new Racetrack in Milan - Ippodromo della Maura), for Euro 296 thousand to hardware and interconnection network for the sales points, for Euro 219 thousand to radio links, for Euro 233 thousand to implementation of a directing plant of Teleippica S.r.l., for Euro 48 thousand to plant projection machines and for Euro 710 thousand to purchases of instrumental goods (servers, printers, PCs and monitors) and other plant and equipment necessary for the performance of the various business operations of the Group companies;
- "Industrial and commercial equipment", totalling Euro 45 thousand, including: Euro 20 thousand for the purchase of the horse walker for the new racetrack in Milan (Ippodromo della Maura) and Euro 25 thousand related to sundry assets;

- "Other assets", in the amount of Euro 448 thousand, related for Euro 243 thousand to furnishing and fittings provided free of charge to sales points and betting shops managed directly by the Group, for Euro 102 thousand to head office furnishings and fittings (of which Euro 10 thousand for the statue at the entrance of the New Racetrack in Ippodromo della Maura, in Milan), for Euro 37 thousand to furnishings and fittings to the "La Maura" betting shop, for Euro 90 thousand to motor vehicles and other assets and for Euro 13 thousand to sundry assets;
- "Assets under construction", amounting to Euro 89 thousand related to the restructuring project of the horse trot area.

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

Leasing

The Group has entered into leasing contracts for the use of certain plant, machinery and equipment which will expire at various points between now and 30 April 2018. These agreements include redemption and/or extension clauses. The real estate property in Porcari, which is included among land and buildings, is subject to a financial lease with the company Ing Lease Italia S.p.A., for a historic cost of Euro 3,500 thousand, of which Euro 382 thousand relates to land and an amortisation provision, as at 30 September 2015, of Euro 1,051 thousand.

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

thousands of Euro	
Total amounts as at 30.09.2015	598
of which	
Payments falling due within 12 months	498
Payments falling due between 1 to 5 years	100
Payments falling due after 5 years	-
Redemption	703

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

16. Intangible assets

Intangible assets as at 30 September 2015 amounted to Euro 322,443 thousand (Euro 334,388 thousand). The change over the period is due to the combined effect of amortisation for the period for Euro 29,042 thousand, net disposals for Euro 20 thousand, investments, amounting to Euro 2,765 thousand and business combination, less accumulated amortisation, amounting to Euro 14,352 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
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Cost

Balance as at 31 December 2014	231,605	256,789	16,430	19,894	375	525,093
Business combination	14,352	0	10	0		14,362
Reclassification		196	0	26	(222)	0
Other increases		523	345	1,107	790	2,765
Decreases	0	(34)	0	(180)	0	(214)
Balance as at 30 September 2015	245,957	257,474	16,785	20,847	943	542,006

Amortisation and impairment losses

Balance as at 31 December 2014	74	164,348	12,956	13,327	0	190,705
Business combination	0		10	0		10
Amortisation for the period		25,828	965	2,249		29,042
Write-downs		0	0	0		0
Disposals		(32)	0	(162)		(194)
Reclassification		0	0	0		0
Balance as at 30 September 2015	74	190,144	13,931	15,414	0	219,563

Carrying amounts

As at 31 December 2014	231,531	92,441	3,474	6,567	375	334,388
As at 30 September 2015	245,883	67,330	2,854	5,433	943	322,443

Investments of Euro 2,765 thousand mainly concern:

- "Concessions, licences, trademarks and similar rights", amounting to Euro 523 thousand, related to the issue of gaming machine (AWPs) authorisation;
- "Industrial patents rights and use of intellectual property", amounting to Euro 345 thousand, of which Euro 169 thousand for CRM licenses, games management and reporting and Euro 121 thousand for licences related to the management of the SNAI portal, and Euro 55 thousand for software related to the management of automated testing of the systems produce by SNAI;
- "Other", for Euro 1,107 thousand, of which Euro 46 thousand for the implementation of software programmes for betting management, Euro 140 thousand for the implementation of management software programmes, Euro 598 thousand for AWP game cards to update the gaming machines, Euro 303 thousand for the implementation of SNAI.IT portal, Euro 18 thousand related to operating programmes for administration, finance and control and Euro 2 thousand for the new functions of the Comsy system;
- "Assets in progress and advances", amounting to Euro 790 thousand, of which: Euro 115 thousand for the issuing of the gaming machine (AWPs) authorisation and Euro 675 thousand for software, developed in-house and still incomplete.

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

Goodwill amounts to Euro 245,883 thousand, and is allocated to the following cash generating units (CGU):

- Euro 234,303 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.), Euro 7,060 thousand, generated from the business combination for the purchase of Finscom S.r.l. and Euro 9,292 thousand, generated from the business combination for the lease (with commitment to purchase) of the business unit of the company SIS S.r.l.. This CGU is represented by the business related to the horse racing and sports betting concessions, to the concession for the management and operation of the network for the on-line management of legal gaming machines and the related assets and functions (slot machines - AWP and video-lottery - VLT) and activities related to skill, bingo and casino games;
- Euro 11,137 thousand to the "Betting Services" CGU, contributed by SNAI Servizi Spazio Gioco S.r.l., merged into SNAI S.p.A. in 2002, consisting of the operations connected with the on-line services supplied to betting acceptance points;
- Euro 443 thousand contributed by Teleippica S.r.l. and referring to the Television Services CGU, consisting in the operations related to television services.

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

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

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

17. Shareholdings

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

	Value in	Value in	Percentage held	
	accounting statement as at	accounting statement as at	30.09.2015	31.12.2014
thousands of Euro	30.09.2015	31.12.2014		
Affiliates and subsidiaries that are not fully consolidated				
- Hippogroup Roma Capannelle S.p.A.	1,033	1,059	27.78	27.78
- Alfea S.p.A.	1,377	1,256	30.70	30.70
- Connex S.r.l. in liquidation	0	0	25	25
- Solar S.A.	0	3	30	30
- C.G.S. CONSORZIO GESTIONE SERVIZI in liquidation	0	0	50	0
- Teseo S.r.l. in liquidation	0	0	100	100
Total shareholdings measured using the equity method	2,410	2,318		

Other				
- Lexorfin S.r.l.	46	46	2.44	2.44
Total shareholdings in other companies	46	46		

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

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

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

18. Deferred tax assets and deferred tax liabilities

The aggregate amount of the temporary differences and tax losses carried forward are set forth in the following tables, together with the theoretical amount of deferred tax assets and liabilities, and the amounts in the consolidated accounts. The Group reported deferred tax assets and deferred tax liabilities equal to a net amount of deferred tax assets of Euro 17,698 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	61,751	27.50%	16,981	16,003	2015 and following
Provision for risks	10,200	27.50% - 32.62%	3,193	3,193	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	1,875	27.50% - 32.62%	553	553	2015 and following
Interest Rate Swap	732	27.50%	201	201	2015 and following
Interest expense not deducted as per art. 96 of Tuir	104,145	27.50%	28,641	20,141	2015 and following
Other temporary differences	1,680	27.50%	463	463	2015 and following
Total	180,587		50,097	40,619	

Total Tax loss that can be carried forward	Amount	Rate	Tax impact	Gains posted	Usable before
SNAI S.p.A. tax consolidation:					
Year 2008	17,895	27.50%	4,921	4,921	eligible for being carried forward indefinitely
Year 2009	10,200	27.50%	2,805	2,805	eligible for being carried forward indefinitely
Year 2010	29,060	27.50%	7,992	7,992	eligible for being carried forward indefinitely
Year 2011	27,186	27.50%	7,476	7,476	eligible for being carried forward indefinitely
Year 2012	34,422	27.50%	9,466	9,466	eligible for being carried forward indefinitely
Year 2013	75,454	27.50%	20,750	3,425	eligible for being carried forward indefinitely
Year 2014	12,587	27.50%	3,461	3,461	eligible for being carried forward indefinitely
Year 2015	1,866	27.50%	513	0	eligible for being carried forward indefinitely
Total tax losses for SNAI S.p.A. tax consolidation	208,670		57,384	39,546	

Finscom S.r.l.:					
Year 2012	1,467	27.50%	403	0	eligible for being carried forward indefinitely
Year 2013	796	27.50%	219	0	eligible for being carried forward indefinitely
Year 2014	1,010	27.50%	278	0	eligible for being carried forward indefinitely
Year 2015	2,184	27.50%	601	0	eligible for being carried forward indefinitely
Total tax losses related to Finscom S.r.l.	5,457		1,501	0	

Total Deferred tax assets	80,165
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The changes in deferred tax assets:

	31.12.2014	allocations set aside	uses	30.09.2015
Deferred tax assets	80,004	2,360	(2,199)	80,165

As at 30 September 2015, the Directors of SNAI S.p.A. confirmed the assessment of recoverability of the deferred tax assets generated by the temporary differences between the carrying amount and fiscal values of the relevant assets/liabilities, as well as the tax loss resulting from the national tax consolidation scheme, except for what has been specified.

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

It should be noted that no deferred tax assets were recognised on the loss resulting from tax consolidation, against a recordable gain of Euro 513 thousand.

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

That having been said, the total receivables on tax losses, resulting from the tax consolidation, amounted to Euro 39,546 thousand, while the tax benefit on off-balance sheet prior losses amounted to Euro 17,838 thousand.

It should be noted that, as regards retained interest expense as per Art. 96 of the Presidential Decree 917/1986, accrued in 2014, deferred tax assets, equal to Euro 2,708 thousand, were recognised, against benefits amounting to Euro 6,808 thousand. No deferred tax assets were recognised on retained interest expense accrued during the year under evaluation, against benefits amounting to Euro 4,263 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 1,875 thousand with tax effect of Euro 553 thousand, relates mainly to leasing contracts signed in 2007 and prior years (Euro 435 thousand with tax effect of Euro 142 thousand).

Finally, it should be noted that, concerning the temporary differences between book values and tax values of the related assets/liabilities pertaining to the subsidiary Finscom S.r.l. (not included in the tax consolidation regime of Snai S.p.A.), as well as tax loss accrued by the same company, deferred tax assets amounting to Euro 17 thousand were recognised against recordable benefits of Euro 2,632 thousand. In fact, no deferred tax assets on tax losses carried forward were recognised against recordable gains amounting to Euro 1,501 thousand, on interest payable carried forward pursuant to Art. 96 of the Presidential Decree 917/1986, against recordable gains amounting to Euro 136 thousand, as well as on the provision for doubtful debts subject to taxation, against recordable gains amounting to Euro 978 thousand.

It should be noted that, on 30 September 2015 and for the 2015-2017 period, the adhesion option to the tax consolidation, to be exercised in the 2015 Revenue form, was renewed as per articles 177 and following of the Presidential Decree 917/1986 between the consolidating company Snai S.p.A. and the consolidated company Teleippica S.r.l.. At the same time, the option to adhere to the tax consolidation between Snai S.p.A. and the newly established subsidiary Snai Rete Italia S.r.l. was exercised for the same period.

It should be also recalled that for the 2013-2015 period, the option to the tax consolidation is currently in force, as per articles 177 and following of the Presidential Decree 917/1986, between the consolidating company Snai S.p.A. and the consolidated company Società Trenno S.r.l..

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

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

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

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

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

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

Temporary differences	Amount	Rate	Tax impact	Deferred
Tax amortisation of goodwill	(11,316)	27.50% - 32.62%	(3,504)	(3,504)
Tax amortisation of goodwill on business segments	(143,821)	27.50% - 32.62%	(45,835)	(45,835)
Difference between the carrying amount and the fiscal value of property, plant and equipment	(40,141)	27.50% - 32.62%	(13,074)	(13,074)
Other temporary differences	(197)	27.50%	(54)	(54)
Total deferred taxes	(195,475)		(62,467)	(62,467)

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

	31.12.2014	allocations set aside	uses	30.09.2015
Provision for deferred taxes	58,593	4,007	(133)	62,467

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

The "difference between the carrying amount and the fiscal value of property, plant and equipment" of Euro 40,141 thousand with tax impact of Euro 13,074 thousand relates mainly to real estate properties (formerly owned by Trenno in Milan - San Siro and Montecatini (Euro 37,706 thousand with tax impact of Euro 12,300 thousand), as well as properties and land in Milan owned by the incorporated company Immobiliare Valcarenga S.r.l. (Euro 1,408 thousand, with tax effect of Euro 459 thousand).

19. Inventories

Compared to 31 December 2014, inventories decreased by Euro 121 thousand. The breakdown of the "Inventories" item is shown below:

thousands of Euro	30.09.2015	31.12.2014	Change
Raw materials	8	21	(13)
Work in progress	0	8	(8)
Finished products/goods	357	457	(100)
Total	365	486	(121)

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

20. Trade receivables

The trade receivables are broken down as follows:

thousands of Euro	30.09.2015	31.12.2014	Change
Trade receivables			
- from customers	114,102	96,757	17,345
- from foreign customers	14	14	0
- from MIPAAF	13,919	13,397	522
- from stables, jockeys and bookies	766	759	7
- actual assets at collection and in portfolio	1,436	1,176	260
- provision for doubtful receivables	(55,795)	(53,617)	(2,178)
Total	74,442	58,486	15,956

Trade receivables from customers included the balances as at 30 September 2015 due from operators for accepting bets (Betting and Gaming Machines), net of the compensation due to those operators, in addition to receivables to operators of Gaming Machines for the reduction of premiums and remunerations provided for by the Stability Law. The increase in trade receivables is primarily related to the non-repayment of portions of premiums and remunerations paid by Gaming machine operators as envisaged by the Stability Law. To this purpose, it should be noted that the non-payment of amounts pertaining to the Gaming Machine operators will involve the non-repayment of the same amounts by SNAI to AAMS within the term of 31 October 2015, as set out by the Stability Law (for further details see Note 30 Other liabilities). They also include the receivables related to the legal actions of SNAI S.p.A. in the amount of Euro 41,079 thousand (Euro 42,376 thousand).

Receivables from MIPAAF (former ASSI, absorbed by MIPAAF - Ministry of Agriculture, Foodstuff and Forestry Policies), amounted to Euro 13,919 thousand (Euro 13,397 thousand) and include:

- Euro 7,003 thousand (Euro 4,216 thousand) for receivables from the Società Trenno S.r.l. Of the above amount, Euro 3,925 thousand are related to amounts accrued as at 30 September 2015 regarding fees for the management of racetracks, the remaining amount, equal to Euro 3,078 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 6,916 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 receivables was calculated taking into consideration the amount of receivables that were doubtful, analysing debtors' specific conditions and any security that had been provided towards the companies of the Group, and also carrying out an assessment on the possible recovering of overdue receivables, and disputed receivables, based on the opinions of the Group's lawyers. Considering the company-backed guarantees obtained from debtors, directors believe that this provision is adequate to cover all foreseeable future losses on receivables.

21. Other assets

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

thousands of Euro	30.09.2015	31.12.2014	Change
Other non-financial assets			
<i>Tax receivables</i>			
- from Inland Revenue Office for tax refund	91	91	0
- receivables for IRES/IRAP claim	46	0	46
- from Inland Revenue Office for taxes under dispute	0	193	(193)
	137	284	(147)
<i>Receivables from others:</i>			
- guarantee deposits	1,015	1,488	(473)
- other receivables	6	0	6
	1,021	1,488	(467)

Trade receivables:			
- assets/valuables in portfolio	845	195	650
- customers	197	0	197
	1,042	195	847
Total Other non-financial assets	2,200	1,967	233

Guarantee deposits decreased by Euro 473 thousand, mainly due to the repayment of Euro 500 thousand of the guarantee deposit provided in favour of a player as a result of the malfunction of the Barcrest VLT platform.

Other current assets are composed as follows:

thousands of Euro	30.09.2015	31.12.2014	Change
Other current assets			
<i>Tax Receivables:</i>			
- from Inland Revenue Office for IRES down payment /credit	590	245	345
- from Inland Revenue Office for IRAP down payment/credit	1,139	962	177
- Other tax receivables	463	588	(125)
	2,192	1,795	397
<i>Receivables from others:</i>			
- Gaming Machines guarantee deposit	11,024	14,213	(3,189)
- Receivable for the advance payment of the second instalment - Stability Law ADM	4,061	0	4,061
- Advance concession payment to ADM	2,800	1,873	927
- Escrow deposit	1,300	0	1,300
- Receivables from ADM for winnings on National Horse Racing	36	159	(123)
- Guarantee deposit for on-line gaming (Skill/Bingo)	151	268	(117)
- Receivables from Skill Games	152	213	(61)
- Other receivables from Betting Acceptance Points	139	139	0
- Receivables from prior grants from granting bodies	327	327	0
- Receivables from undue payment of interest and fines on flat-rate gaming tax (PREU)	2,114	2,114	0
- Receivables from Bluline electronic exchange	226	226	0
- Social security entities	245	81	164
- Sundry receivables	2,477	1,792	685
- Provision for doubtful receivables from others	(2,262)	(2,118)	(144)
	22,790	19,287	3,503
<i>Accrued income and prepayments</i>			
- Accrued income	4	0	4
- Prepayments	5,314	3,427	1,887
	5,318	3,427	1,891
Total other current assets	30,300	24,509	5,791

The entertainment machines guarantee deposit of Euro 11,024 thousand (Euro 14,213 thousand) relates to 0.5% on the gaming transactions generated by the entertainment machines (AWP and VLT), as described in greater detail in Note 5, "revenues from sales of goods and services." Euro 10,092 thousand related to 2014 ADI guarantee deposit, were cashed on 26 May 2015. The remaining amount of Euro 4,061 thousand was kept by ADM as deposit for the payment of the second instalment of the "higher drawdowns" introduced by the 2014 Stability Law, expiring on 31 October 2015 (see table under item Receivable for the advance payment of the second instalment - Stability Law ADM).

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

The Advance concession payment to ADM, of Euro 2,800 thousand, includes the fixed amounts paid in advance to ADM for the first and second half of 2015 and relates to the concession fee for horse racing and sports betting and for on-line gaming. For further details reference is made to Note 10.

Among the prepayments, the table shows:

- Euro 1,838 thousand (compared to Euro 2,673 thousand), related to advance payments for commissions on guaranteees and insurance premiums, essentially related to guarantees provided to secure contractual obligations assumed for the concessions for rights and for gaming machines;
- Euro 1,467 thousand, related to costs not yet accrued and envisaged by the Stability Law, approved by the Parliament at the end of December 2014, envisages, amongst other, that the total amount of Euro 500 million be charged to the distribution segment of gaming machines (both AWP and VLT). This amount is apportioned according to the number of machines referable to each single concession holder, as quantified by Directorial Decree no. 4076/2015 issued by ADM on 15 January 2015. Based on this decree, the amount related to the distribution segment for gaming machines related to SNAI was equal to Euro 37,792 thousand. For further details see Notes 10, 20 and 30);
- Euro 2,009 thousand (Euro 754 thousand), primarily related to consultancy related to the Cogemat transaction still underway and costs of maintenance and assistance contracts, that have not yet accrued, etc.

22. Financial Assets

The non-current financial assets consist of the following:

thousands of Euro	30.09.2015	31.12.2014	Change
Option rights	245	245	0
AWP deposits	1,765	999	766
Total non-current financial assets	2,010	1,244	766

The option right for the purchase of 51% of the share capital of House Bet S.r.l., incorporated on 25 July 2013 to manage the wagers of gaming machines. The purchase price of the option right amounted to Euro 245 thousand. In the event the purchase option is exercised, this amount will be deducted from the purchase price upon execution of the shareholding transfer deed. The option right is an equity instrument measured at cost, according to IAS 39, paragraph 46, by reason of the fact that there is no price on any active listed market.

AWP deposits are related to contracts with a sector operator.

The current financial assets consist of the following:

thousands of Euro	30.09.2015	31.12.2014	Change
Escrow	112,173	0	112,173
Escrow accounts and unavailable balances	19,739	19,662	77
Shares in former Società Fiorentina Corse Cavalli for exchange	1	1	0
Total current financial assets	131,913	19,663	112,250

On 20 July 2015, the Board of Directors of SNAI approved the issue of a non-convertible, guaranteed, senior bond loan for a total principal up to Euro 110 million, with maturity term estimated on 15 June 2018. The pricing of the guaranteed, non-convertible bond loan was defined on 21 July 2015, for a total capital amount up to Euro 110 million, with maturity term on 15 June 2018 at an issue price equal to 102.5%, and a coupon equal to 7.625% on yoy basis. The Bond issue and regulation took place on 28 July 2015. The related amounts are credited on an escrow account until the occurrence of conditions precedent and upon enforceability of the acquisition of Cogemat/Cogetech Group.

The escrow accounts, which were opened by the Parent Company in order to manage the amounts resulting from the offsetting between the receivables from ADM under the Di Majo award, and the liabilities for wagers, due every two weeks (the so-called "former ASSI fifteen-days payments"), are unavailable while waiting for ADM's decisions after the judgement of the Rome 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 that 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 bank accounts and unavailable amounts held in bank accounts were not included in the Net Financial Position (see Note 39).

23. Cash and cash equivalents

The cash and cash equivalents are broken down as follows:

thousands of Euro	30.09.2015	31.12.2014	Change
Bank accounts	77,102	68,100	9,002
Postal deposits	173	326	(153)
Cash in hand	1,109	203	906
Cash on hand	78,384	68,629	9,755
Bank overdrafts	0	0	0
Net cash and cash equivalents	78,384	68,629	9,755

24. Shareholders' equity

The share capital of the Parent Company, SNAI S.p.A., as at 30 September 2015, entirely subscribed and fully paid up, amounted to Euro 60,748,992.20 (60,748,992.20 as at 31 December 2014), and is comprised of 116,824,985 ordinary shares (116,824,985 as at 31 December 2014).

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

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

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

The shares issued are all ordinary shares.

The subsidiary Finscom S.r.l. owns 70,624 SNAI shares for a nominal value of Euro 43,786.88.

It should be noted that, due to the loss reported over the period, the share capital of Snai S.p.A., equal to Euro 60.7 million, decreased by over one third, thus falling under the case envisaged by Art. 2446 of the Italian Civil Code.

However, taking into account the fact that, on 28 September 2015, the Extraordinary Shareholders' Meeting had already resolved on a share capital increase for nominal Euro 37,233,253.20, in relation to the acquisition of Cogemat Group, which will be completed upon fulfilment of conditions precedent, and supposedly on 18 November 2015, it is deemed that the reduction in share capital of over one third will be therefore settled.

Reserves

Legal Reserve and Share Premium reserve

The amounts of the legal reserve and the share premium reserve were reduced to zero to cover the losses for the 2014 financial year.

Cash Flow Hedge Reserve

The cash flow hedge reserve is negative for Euro -531 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) is negative for Euro -720 thousand and is formed by recognition of actuarial gains/losses as at 31 December 2014.

Treasury share reserve

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

Profit (loss) carried forward

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

Shareholders' Equity pertaining to minority interests

As at 30 September 2015, minority interests show a zero balance, given that none of the subsidiaries consolidated on a line-by-line basis have non-controlling interest shareholders.

25. Other components of the comprehensive income statement

The other components of comprehensive income mainly relate to the recognition of derivatives directly in cash flow hedge reserve in shareholders' equity (for further detail see Note 35) and SNAI shares owned by Finscom S.r.l. (for further detail see Note 24).

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

III quarter					First nine months	
2015	2014				2015	2014
Hedge derivatives:						
732	732	Net (loss)/profit from derivatives as cash flow hedges			2,197	2,197
(201)	(201)	Tax impact			(604)	(604)
531	531	Hedge derivatives			1,593	1,593
0	0	Treasury shares			(110)	0
531	531				(a) 1,483	1,593
Re-measuring of defined-benefit plans for employees:						
(44)	0	Actuarial gains/(losses)			(44)	0
12	0	Tax impact			12	0
(32)	0				(b) (32)	0
499	531	Total gain/(loss) for the period (a+b)			1,451	1,593

26. Earnings per share

Basic earnings per share

The calculation of the basic earnings/loss per share as at 30 September 2015 was made taking into consideration the loss attributable to the holders of ordinary shares, for Euro 13,999 thousand (31 December 2014: loss of Euro 26,082 thousand) and the weighted average number of outstanding ordinary shares during the period ended 30 September 2015, equal to 116,779,287 shares (31 December 2014: 116,824,985).

The amount was calculated as follows:

in thousands	30.09.2015	31.12.2014	30.09.2014
Gain/(loss) attributable to holders of ordinary shares = gains for year of group (a)	(13,999)	(26,082)	(9,943)
Average weighted number of ordinary shares /1000 (b)	116,779.29	116,824.99	116,824.99
Basic earnings/(loss) per share (a/b)	(0.12)	(0.22)	(0.09)

Diluted earnings/(loss) per share

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

27. Post-employment benefits

The Post-employment benefits as at 30 September 2015 amounted to Euro 5,708 thousand against Euro 4,602 thousand as at 31 December 2014.

The following table shows the movements therein:

thousands of Euro	
Balance as at 01.01.2015	4,602
Business combination	724
Other changes	615
Accruals	91
Uses	(371)
Financial expenses	47
Balance as at 30.09.2015	5,708

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

28. Financial liabilities

The financial liabilities are comprised of the following:

thousands of Euro	30.09.2015	31.12.2014	Change
Non-current financial liabilities			
Bond loan	573,543	463,561	109,982
Due for financial leasing	98	1,208	(1,110)
Total other non-current liabilities	573,641	464,769	108,872
Current financial liabilities			
Current portion of senior bank loans - Bond loan	0	19,552	(19,552)
Due for financial leasing	1,347	1,151	196
Due for interest and fees on bond loans	15,645	2,148	13,497
Due to banks	38	40	(2)
Due to "Betting Acceptance Points" for the purchase of horse racing and sports Concessions business segments	32	32	0
Total current financial liabilities	17,062	22,923	(5,861)

The financial liabilities include:

- The bond loans stipulated on 4 December 2013 and 20 July 2015 (described in the following paragraphs) are recorded at amortised cost for a total of Euro 573,543 thousand, (nominal value of Euro 590,000 thousand) and stated net of direct ancillary charges/income. These ancillary charges/income, totalling Euro 23,559 thousand, include professional fees related to the signature of the contracts, as well as the tax payable on the assumption of the loan, as well as gains resulting from the pricing difference of the last bond loan issued. The amount reversed to income statement as at 30 September 2015 amounted to Euro 2,536 thousand. The amounts related to the bond loan issued on 28 July 2015 and amounting to Euro 110 thousand, were credited on an escrow account until the occurrence of conditions precedent and upon enforceability of the acquisition of Cogemat/Cogetech Group;
- financial liabilities for financial lease contracts, totalling Euro 1,445 thousand, mainly relate to the residual balances on contract for the acquisition of a building situated in Porcari (Lucca) and of technology for use in betting acceptance points, described in greater detail in Note 15, "Property, plant and equipment".

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

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

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

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

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

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.

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. and Intesa Sanpaolo S.p.A.. On 28 July 2015, during refinancing related to the merger of Cogemat, the above-mentioned revolving line was increased by Euro 25,000 thousand with UniCredit S.p.A. as lending bank, at the same terms and conditions set out in 2013. The credit line now amounts to a total of Euro 55,000 thousand. The increase can be used upon finalization of the acquisition of the Cogemat/Cogetech Group. The Senior Revolving Facility had not been used as at 30 September 2015.

On 20 July 2015, the Board of Directors of SNAI approved the issue of a non-convertible, guaranteed, senior bond loan for a total principal up to Euro 110 million, with maturity term on 15 June 2018. Bonds were initially subscribed by J.P.Morgan Securities plc. and Unicredit Bank AG, and then exclusively placed at qualified investors. The Bonds were listed on the Euro MTF market which is regulated and managed by the Luxembourg Stock Exchange. As regards the merger with the Cogemat Group, revenues resulting from the issue of Bonds will be used by the Company for the partial early cash repayment of payables resulting from some loans related to Cogemat and/or its subsidiaries. The pricing of the guaranteed, non-convertible senior bond loan was defined on 21 July 2015, for a total capital amount up to Euro 110 million, with maturity term on 15 June 2018 at an issue price equal to 102.5%, and a coupon equal to 7.625% on yoy basis. The Bond issue and regulation took place on 28 July 2015. The related amounts are credited on an escrow account until the occurrence of conditions precedent and upon enforceability of the acquisition of Cogemat/Cogetech Group.

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

thousands of Euro

Financial payables	Amount of loan	Duration	Interest period	Due date	Repayment method	Date of payment	Disbursed amount
Senior Secured Notes	320,000	4 years and 6 months	6 months	15.06.2018	Bullet	04.12.2013	320,000
Senior Subordinated Notes	160,000	5 years	6 months	15.12.2018	Bullet	04.12.2013	160,000
Senior Revolving Facility	55,000		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.		-
Senior Secured Notes	110,000	3 years and 5 months	6 months	15.06.2018	Bullet	28.07.2015	110,000
Total	645,000					Total amount disbursed as at 30.09.2015	590,000

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

SNAI is party to in proceedings before civil and administrative courts, and other legal actions, connected with its ordinary course of business. On the basis of the information currently available, and taking into consideration the existing provisions for risks, SNAI considers that those proceedings and actions will not result in material adverse effects upon the consolidated financial statements.

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

As at 30 September 2015, the provisions for risks and charges amounted to Euro 12,923 thousand. Details of the amounts, and changes thereto, are set forth in the following table:

thousands of Euro	Technological renewals	Tax disputes, litigations, contractual risks and other	Total
Balance as at 31 December 2014	686	10,152	10,838
Business combination	0	828	828
Provisions recognised over the period	308	2,745	3,053
Releases/Utilisation for the period	0	(1,796)	(1,796)
Balance as at 30 September 2015	994	11,929	12,923

Technological renewals

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

Tax disputes, litigations and contractual risks

The provision for risks for tax disputes, litigations and contractual risks includes the overall estimated amount required to address risks in the settlement of disputes and relationships with third parties, also regarding taxes, duties and social security issues, in the amount of Euro 11,929 thousand.

Provisions for the period, amounting to Euro 2,745 thousand, were related, in the amount of Euro 2,306 thousand, to possible liabilities related to personnel, as set out in the lease agreement with envisaged purchase of SIS business unit that might occur within the same SIS in the following months (see Note 4), in the amount of Euro 360 thousand to legal disputes with employees, in the amount of Euro 37 thousand to the measurement at equity of the affiliate Solar S.A., and in the amount of Euro 42 thousand to further risks.

The uses for the period, amounting to Euro 1,796 thousand, are related, in the amount of Euro 833 thousand, to transactions with employees and also include related legal fees. They are also related, in the amount of Euro 307 thousand, to the use for transactions with players of 2 October 2012, in the amount of Euro 410 thousand to the provision allocated for a tax assessment and in the amount of Euro 246 thousand for further uses.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Following the hearing for discussion of the appeal that was held on 26 May 2015, the decision was upheld and today has not been lodged yet.

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

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

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

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

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

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

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

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

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

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

SNAI appealed the ruling. The hearing at the Court of Auditors' First Jurisdictional Section was held on 10 April 2015. With sentence no. 304/2015 of 30 April 2015, the Court of Auditors' Third Section cancelled the objected sentence deeming that the case could not be concluded with a sentence indicating the impossibility of taking further proceedings without performing first a detailed audit of the reporting filed for the case. Therefore, the sentence ordered that the Lazio Regional Section reviewed the audit in order to reach a final decision whether to discharge or not from the accounts, the items that were not equivalent.

Upon order of the Appeals Section of the Court, all documents related to judicial reporting, already returned to the Agenzia delle Dogane e dei Monopoli, were retransmitted to the Lazio Regional Section.

The appeal ruling being executed, the case continued before the Lazio Regional Section of the Court. The Company is awaiting the judicial proceeding acts from the public prosecutor.

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

Malfunctioning of the Barcrest VLT platform (16 April 2012)

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

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

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

In particular, as at 30 September 2015, 2 mediations started and 96 proceedings were filed, including 10 interim orders that were temporarily enforceable and can be summarised as follows:

- in two cases, the gamers obtained an award of about Euro 500,000.00. In one of these cases SNAI, after obtaining the suspension of the interim order's enforceability, 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 has in the meantime become extinct due to inactivity on the part of the player;
- ii) 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;
- iii) twelve proceedings were resolved by means of an amicable settlement;
- iv) eight proceedings were settled with sentences on the merits favourable to SNAI (of which six revocations of the interim orders - executive orders or not - obtained by players and two sentences rejecting the requests of the players);
- v) thirty-four proceedings were settled with sentences on the merits favourable to SNAI (essentially by reason of lack of territorial jurisdiction of the Judge, as sustained by players). A great number of these players were summoned before the Court of Lucca.

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.

It should be noted that the compensation lawsuit filed by SNAI against Barcrest and its subsidiary was settled by waiving the legal action and therefore was declared cancelled, with legal expenses offset, as the parties reached an agreement on pending cases and payment of damages and costs already borne, including some guarantees on the cases themselves.

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

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

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

Disputes related to the betting business: Guaranteed minimum service levels

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

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

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

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

Following numerous litigation brought before the same Court by a large number of betting acceptance points concession holders related to the guaranteed minimum fees for the years 2006 and 2007, the Court pronounced the Sentences nos. 6521 and 6522 of 7 July 2009, cancelling the request of payment of ADM as illegitimate, on the basis that such requests were not anticipated by the safeguard measures set out in the law in respect of those concession holders existing prior to the opening of market pursuant to Law Decree no. 223/06 (the so-called Bersani reform). The Regional Administrative Court (TAR) declared that ADM was legally obliged to adopt those measures, in order to achieve a re-equilibrium of the operating conditions of the concessions in place prior to these reforms.

Based on the foregoing, it can reasonably be assumed that SNAI shall benefit, in all of its directly-held concessions, from the complete reshaping of the requests advanced by ADM in view of the adoption of such safeguard measures.

It should also be noted, with regard to the minimum guaranteed amounts, that SNAI had complied with ADM's request in relation to 2006, paying guaranteed minimums for an amount of Euro 2.4 million. The amount paid was posted under receivables from ADM, as it is now considered recoverable; and the Parent Company has informed ADM that it would be seeking to enforce its rights in all appropriate venues, in order to have a recalculation on an equitable basis of all the amounts requested, and an evaluation of the conduct of ADM. Recently, upon the appeal of the Company and other concession holders, the Lazio Regional Administrative Court revoked ADM's demands and requested the adoption of the "safeguard" measures, in view of the fact that with the Bersani tender procedure, and other subsequent tender procedures, the territorial exclusivity originally granted under some concessions, were no longer valid following the award of a large number of additional concessions for sports and horse racing betting.

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

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

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

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

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

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

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

Following the hearing on 12 September 2012, the Second Section of the Lazio Regional Administrative Court ruled that the notices amounted to simple offers of settlement, and did not have the effect of further requests, where not accepted by the concession holder. This interpretation of the requests received and the underlying Law Decree 16/2012 leaves the Company open to defend any attempt to that ADM might pursue for a forced collection of the amounts; on the other hand, confirms the suspension of similar requests that ADM issued on 30 December 2011, already suspended on an interim basis by the same court, in order no. 1036/2012.

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

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

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

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

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

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

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

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

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

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

Penalties for exceeding the AWP quotas

- Following the demand formulated by ADM on 22 June 2012 regarding the information about the locations of the 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 ADM as a form of self-remedy. In light of that evidence, the amount of Euro 1.470 million has been provisioned to provide full coverage for any risks this may represent. Lastly, ADM further asked the payment of the entire amount by 31 October and SNAI, due to the huge amount of checks functional to the payment and in agreement with other concession holders, on the one hand filed a formal request for cancellation of such notices, as a form of self-remedy to the payment claim, and on the other hand objected such order before the Administrative Court.

Other Disputes

SNAI/Omniludo S.r.l.

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

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

The case was investigated and the hearing was postponed to 10 December 2010 to allow for clarification of the pleadings and then postponed again ex officio to 17 June 2011. Having clarified the pleadings, SNAI filed a motion for consolidation with another case brought by the same party (Case no. 4810/2010 described below) pending before the Court of Lucca, Dr. Giunti (Case no. 4810/10).

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

- Case 4810/2010. By the writ of summons served on 16 November 2010, SNAI, 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.r.l.'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 4810/201010 at the hearing of 11 December 2013 before Judge Frizilio with a view of their possible consolidation.

The aforementioned ruling was appealed by OMNILUDO on 3 April 2012. The Presiding Judge of the Court, holding that the substantive requirements were met for grouping of the proceedings, ordered on 26 June 2012 that the case be referred to Judge Frizilio for the purposes of arranging the consolidation and clarification of the pleadings.

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

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

With deed of summons for the appeal, served on 28 May 2015, the company Omniludo Srl, in liquidation, objected the sentence no. 1772/2014 of the Lucca Court before the Court of Appeal of Florence, summoning SNAI to the hearing of 15 October 2015 – set for 26 November 2016 by Decree of the President of the Arbitration Panel, Section I - and asking that the same be ordered to pay all damages incurred by Omniludo due to the breach of the exclusive right envisaged by the agreement in force between the parties, in the amount of Euro 111,250,000.00, or in other amount set out by the Court. With the legal support of its attorneys, the Company is evaluating the notice of appeal received from Omniludo Srl and will appear in Court in due terms with a cross-appeal based on the legal expertise issued during the first instance judgement.

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 were 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 to carry out the appraisal (beginning from 16 June 2014) and postponing the hearing for the examination of the appraisal to 27 February 2015. On the occasion of this hearing, the Judge postponed the case to 16 June 2015 to further discuss the preliminary claims. At that hearing, the preliminary claims were discussed and the Judge postponed the case to hear the witnesses to 2 December 2015 and 27 January 2016.

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

Potential assets: Receivables from the Di Majo Award

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

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

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

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

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

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

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

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

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

Offsetting of the accounts receivable from the Di Majo Arbitration has already been authorised by a decree issued by the

ADM in any case, and SNAI has arranged for such offsetting in the amount of Euro 2,498 thousand regarding the receivables directly attributable to SNAI as concession holder.

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

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

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

Allegations by ADM regional offices related to the 2006 PREU

This dispute regards forty-one notices issued by the regional offices of ADM, which set out the meter readings for gaming machines (AWP), pursuant to article 110, paragraph 6 a, of the Italian law "TULPS". The meter readings show differences with respect to the payments made by the concession holder in relation to each individual gaming machine.

The aggregate amount of Penalties and PREU 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 (CTP) 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 four notices of assessment, ADM issued a decision for their cancellation as a form of self-remedy (and setting aside);
- in relation to 1 proceeding, the suspension was accepted and appropriate CTP, after the hearing, rejected the recourse filed by SNAI. SNAI filed an appeal with the appropriate Regional Tax Commission (CTR). The hearing on the merits was held on 20 April 2015, and at that date, upon lifting of its reservation, the CTR rejected SNAI's appeal and confirmed the assessment notice;
- for fifteen proceedings, at the hearings on the merits held on 5 June 2013 the suspension of provisional enforceability was accepted, and on 24 July 2013 the Court lifted its reservation and rejected the appeal filed by SNAI. Based on the above-mentioned rulings, SNAI filed an appeal with the appropriate Regional Tax Commission. The hearings on the merits were held on 11 June 2015 and upon lifting of its reservation, the CTR rejected SNAI's appeal;
- for one proceeding, after accepting the suspension at the hearing of 5 March 2015, the CTP, upon lifting of its reservation made at the hearing on the merits, declared the appeal for incompetence as ineffective. As regards one proceeding, the hearing on the suspension was held on 12 December 2104. Upon lifting of its reservation, the CTP rejected the suspension request without fixing the hearings on the merit;
- for eighteen proceedings, the judgement has been issued upholding the appeals filed by SNAI, of which three are referred to the closing of the litigation. ADM appealed the remaining fifteen rulings before the competent Regional Tax Commission and SNAI submitted its own objections. Of which: seven proceedings are still pending at the Supreme Court following ADM's appeal against the decision of the Regional Tax Commission, which confirmed the first instance proceeding thus rejecting ADM's request. The date of the hearing is still to be scheduled; for seven proceedings the hearings were held on 13 July 2015 and the Court reserved its decision, while for one proceeding, the hearings on the merit are still to be scheduled by the Court;
- for one proceeding, SNAI's appeal was rejected. SNAI filed an appeal with the appropriate Regional Tax Commission. The appeal was rejected and the first instance ruling confirmed.

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

Allegations by ADM regional offices related to the 2007 PREU

This dispute regards twelve notices issued by the regional offices of ADM, which set out the meter readings for gaming machines (AWP), pursuant to article 110, paragraph 6 a, of the Italian law "TULPS". The meter readings show differences with respect to the payments made by the concession holder in relation to each individual gaming machine.

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

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

With reference to the procedures further thereto:

- in relation to one notice of assessment, ADM issued a decision for their cancellation as a form of self-remedy (and setting aside);
- for 2 proceedings, the ruling has been issued upholding the appeals filed by SNAI with ruling no. 62/13. Two appeals before the competent Regional Tax Commission were filed. SNAI filed counter-appeals and the hearing is to be set;

- for one proceeding, we are awaiting that the appropriate CTP fix the hearings on the merits and suspension of provisional enforceability;
- for four proceedings, the hearing for discussion on suspension and on the merits was fixed on 24 September 2015;
- for two proceedings, the hearings on suspension were held on 16 October 2014 and the appropriate CTP reserved on the decision. The ruling is still pending;
- for one proceeding, the CTP suspended the temporary enforceability of the assessment notice and a hearing on the merits was held on 6 May 2015, at the end of which the Court reserved on the decision. A sentence is still awaited;
- for one proceeding, upon lifting of its reservation made at the hearing held on 4 July 2013, the CTP rejected the suspension request and postponed the discussion to a new hearing. The hearing on the merits was held on 2 July 2015 and CTP, upon lifting its reservation, upheld the appeal with judgement 877/2015.

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

Allegations by ADM regional offices related to the 2008 PREU

This dispute regards eight notices and/or assessment notices issued by the regional offices of ADM, which set out the meter readings for gaming machines (AWP), pursuant to article 110, paragraph 6 a, of the Italian law "TULPS". The meter readings show differences with respect to the payments made by the concession holder in relation to each individual gaming machine.

In particular:

- in relation to two notices, the amount of which is undetermined, for which SNAI filed defensive briefs before the appropriate CTP. Given that the notice on the outcome related to the evaluation of defence deeds and the following assessment notice have not been delivered, the case can be considered as expired;
- in relation to six assessment notices (followed by four objections for which SNAI filed defensive briefs), for a total amount of approximately Euro 380,000.00, SNAI filed appeals against the above notices before the competent CTP. The hearing for one proceeding was held on 8 July 2015; the CTP reserved on the decision. Upon lifting its reservation, the CTP rejected the appeal with judgement 16739/15. For the other five proceedings, the hearing is still to be scheduled.

Notices served by Regional Offices for exceeding the AWP quotes

This relates to 143 notices served by various regional offices of ADM, in which ADM contested the installation of a number of AWP's exceeding the limits imposed by the Departmental Decree 2011/30011/giochi/UD. The amount involved is based on the possibility of making a reduced payment and it is not yet determinable. Pending assessment of the individual position, SNAI provided and/or will provide as follows:

- to make a reduced payment for 55 disputes amounting to approximately Euro 34,000.00;
- to submit defensive briefs for 86 disputes, of which 22 have been archived.

After 30 September 2015, the Company was served with one notice.

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.

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

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

SNAI settled various disputes out of Court and is planning to settle the remaining proceedings in the same way. These costs were covered by using a provision for risks previously set aside.

After 30 June 2015, the Court of Rimini, with order pursuant to Art. 702 bis of the Italian Code of Civil Proceedings, agreed with SNAI's defence and rejected the claims of a player. The order was appealed and the first hearing is scheduled on 15 December 2015. SNAI will appear in Court in due terms.

30. Sundry payables and other liabilities

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

thousands of Euro	30.09.2015	31.12.2014	Change
Sundry payables and other non-current liabilities			
<i>Tax payables</i>			
- instalments on assessment notice	0	64	(64)
- instalments on flat-rate tax	313	437	(124)
- Tax Authorities - 770 notice	538	0	538
	851	501	350

<i>Other payables</i>			
- for instalments related to PREU for previous years	1,296	1,824	(528)
- for guarantee deposit liabilities	11	11	0
- to others	46	0	46
	1,353	1,835	(482)
Total sundry payables and other non-current liabilities	2,204	2,336	(132)

Other current liabilities are composed as follows:

thousands of Euro	30.09.2015	31.12.2014	Change
Other current liabilities			
<i>Tax payables</i>			
- income tax	1,764	2,745	(981)
- VAT	1,322	797	525
- Flat-rate tax	13,155	4,964	8,191
- instalments on flat-rate tax	186	181	5
- instalments on assessment notice	100	405	(305)
- Tax Authorities - 770 notice	163	0	163
- other tax debts	729	887	(158)
	17,419	9,979	7,440
<i>Payables to social security institutions</i>			
- Soc. Sec. Entities	2,605	2,711	(106)
	2,605	2,711	(106)
<i>Other payables</i>			
- to ADM for outstanding PREU	11,619	17,012	(5,393)
- to ADM for guarantee deposits ADI	1,239	2,638	(1,399)
- for instalments related to PREU for previous years	776	846	(70)
- payables from SNAI Group to ADM for stability law - 2nd instalment	3,667	0	3,667
- remaining payables from segment to ADM for stability law	23,069	0	23,069
- to winners and VLT jackpot reserve	10,383	10,063	320
- VLT required tickets	41	57	(16)
- to ADM as concession instalment	742	1,582	(840)
- to gamblers for antepost betting	1,114	1,567	(453)
- to gamblers for wins and refunds on national horse racing/sports forecast betting	3,311	1,678	1,633
- to MIPAAF for fortnightly payments	777	1,115	(338)
- to ADM for required tickets	144	231	(87)
- to ADM for Sports Forecast and National Horse Racing Betting Concession	1,257	1,724	(467)
- for SNAI Card gaming bards	6,384	6,147	237
- to On-line Gaming players (Skill/Casino/Bingo)	145	132	13
- for management of On-line Gaming (Skill/Casino/Bingo)	0	1	(1)
- to players for wins in virtual events	165	225	(60)
- to ADM	21,587	21,573	14
- for non-competition agreement	0	0	0
- to employees and collaborators	3,352	4,256	(904)
- to directors	242	418	(176)
- to auditors	155	167	(12)
- for guarantee deposits	3,364	2,896	468
- to SIS	6,974	0	6,974
- to Teseo S.r.l. in liquidation	383	483	(100)
- to parent companies	33	0	33
- to others	2,930	2,500	430
	103,853	77,311	26,542

Accrued liabilities and deferred income

- accrued liabilities	2,462	265	2,197
- deferred income	940	851	89
	3,402	1,116	2,286

Total other current liabilities	127,279	91,117	36,162
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The instalments payable on the tax assessment notice for a total of Euro 100 thousand concerned the settlement of the assessments and resulting acceptance of the tax assessment notices delivered in July 2013. That amount includes the tax, penalties e interest as defined in the final tax assessment notices, with acceptance granted on 26 July 2013 (for the year 2011), in which it was also agreed to extend payment through 12 quarterly instalments.

Payables related to the flat-rate tax payable in instalments, amounting to Euro 499 thousand, of which Euro 313 thousand being due after one year and Euro 186 thousand being due within one year, comprise the residual amount to be paid for fines and interest payable for the delayed payment of the 2009-2010 flat-rate tax.

Payables were related to 770 notices totalling Euro 701 thousand, including Euro 538 thousand being due after one year and Euro 163 thousand being due within one year, were related to tax assessments performed by Tax Authorities on tax returns filed by using the 770 form for the tax periods 2011, 2012 and 2013. The above assessment highlighted the non-payment of withholdings and additional taxes. The amount due was divided in instalments, each related to one year of non-payment. These instalments are regularly being paid.

The PREU payables related to instalments for previous years, amounting to Euro 2,072 thousand, of which Euro 1,296 thousand being due after one year and Euro 776 thousand being due within one year, comprise fines and interest payable for the delayed payment of the 2009 and 2010 PREU tax.

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

Payables of SNAI Group and the segment to ADM for the Stability Law, amounting to Euro 26,736 thousand, is related to provisions envisaged by the Stability Law, approved by the Parliament at the end of December 2014, which, amongst other, outlined that the total amount of Euro 500 million be charged to the distribution segment of gaming machines (both AWP and VLT). This amount is apportioned according to the number of machines referable to each single concession holder, as quantified by the Directional Decree ADM no. 4076/2015 dated 15 January 2015. According to the aforesaid decree, the amount related to the distribution segment for gaming machines referable to SNAI is equal to Euro 37,792 million, 40% of the annual amount to be paid within 30 April 2015, and the remaining 60% within 31 October 2015 (see Notes 10, 20 and 21). On the occasion of the maturity term of the first down payment expected on 30 April 2015, the amount theoretically due by SNAI to ADM amounted to Euro 15,117 thousand (40% of the aforementioned Euro 37,792 thousand). On 30 April SNAI provided for the payment of around Euro 11.1 million in favour of ADM, according to the interpretation inferable from the Order and discussions undertaken with competent Authorities. This amount was made up of both the reduced portion of premiums and remunerations directly attributable to SNAI and the reduced portion of premiums and remunerations actually paid to SNAI at that date, by the other operators of the distribution segment of gaming machines (AWPs and VLTs). On the occasion of the above payment, ADM retained the amount of Euro 4,061 thousand on the 2014 guarantee deposit on Gaming Machines, that had to be refund in May 2015. The aforesaid amount was kept in agreement with ADM as payment on account of the second settlement payment to be due on 31 October 2015 (for further details see Note 21).

The item Other payables to ADM, totalling Euro 21,587 thousand, relates to draw downs which were offset by receivables (acquired or original) from the Di Majo Award. On 21 November 2013, the Court of Appeal in Rome declared the Di Majo Award as void and ineffective. Given the fact that the sentence is enforceable, compensations were cancelled. When ADM requires the payment, SNAI will have the faculty to dispose of the amounts on the escrow current accounts jointly managed with Agisco. For further details, see Note 22.

Payables to ADM for outstanding PREU, in the amount of Euro 11,619 thousand, are calculated from the gaming machine (ADI) transactions.

Payables to SIS, amounting to Euro 6,974 thousand, are related to the rental, with following purchase, of the business unit of the company SIS and are disclosed net of some receivables.

The Deferred income item, amounting to Euro 940 thousand, is related, in the amount of Euro 774 thousand, to the portion of the grants to the MIPAAF (former ASSI) investment fund recognised as grants related to investments.

31. Trade payables

The trade payables are composed as follows:

thousands of Euro	30.09.2015	31.12.2014	Change
Trade payables			
- to suppliers	28,133	29,515	(1,382)
- to stables, jockeys and bookies	148	153	(5)
- to foreign suppliers	1,585	3,798	(2,213)
- advances paid to suppliers	(1,397)	(969)	(428)
- credit notes to be received	(334)	(298)	(36)
- to affiliate Connex S.r.l.	0	186	(186)
Total trade payables	28,135	32,385	(4,250)

32. Overdue accounts payable

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

(amounts in thousands of Euro)

Current liabilities	Balance as at 30.09.2015	of which due on 30.09.2015
Financial payables	17,062	-
Trade payables	28,135	6,202
Tax payables	17,419	-
Payables to social security institutions	2,605	448
Other payables	103,853	-
	169,074	6,650

The amounts due as of 30 September 2015, equal to Euro 6,650 thousand, related to:

- trade payables (Euro 6,202 thousand), related to the normal transactions with suppliers of services and materials; these amounts have been mostly paid after 30 September 2015. In certain cases, a new due date has been set. To the present date, no supplier has taken any initiatives in response;
- payables to social security institutions (Euro 448 thousand), related to the social contributions not paid by the subsidiary Finscom S.r.l.

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 129,727 thousand as at 30 September 2015 (Euro 128,064 thousand as at 31 December 2014).

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

Bank	Beneficiary	Subject matter of the guarantee	Increases/(Decreases) as at 30.09.2015 (thousands of Euro)
UNICREDIT	ADM	To guarantee a correct performance of operations and functions under concession, the prompt and correct payment of tax, concession fees and or any other gains, as set forth by regulations on legal gaming, as well as the fulfilment of any obligations with respect to players.	3,541
UNICREDIT	ADM	To guarantee the opening of shops and sports betting points and activation of on-line sports gaming for the 2006 tender concessions.	818

BANCA DI CREDITO COOPERATIVO DI CAMBIANO (FORMER BINTER)	ADM	To guarantee a correct performance of operations and functions under concession, the prompt and correct payment of tax, concession fees and or any other gains, as set forth by regulations on legal gaming, as well as the fulfilment of any obligations with respect to players.	649
UNICREDIT	INLAND REVENUE OFFICE	For VAT reimbursement of 2014	512
COFITALIA CONFIDI S. COOP. P.A.	INLAND REVENUE OFFICE - Mantua Office	Division of the amounts due in instalments in relation to irregularities reported in the 2008 Revenue form (2007 income).	502
BANCA DI CREDITO COOPERATIVO DI CAMBIANO	EURONET PAY & TRANSACTION SERVICE SRL	Wind's phone top-ups	180
UNICREDIT	ADM	For the timely and exact payment of PREU and security deposit	128
COFITALIA CONFIDI S. COOP. P.A.	TAX AUTHORITIES - Mantua Office	Division of the amounts due in instalments in relation to irregularities reported in the 2008 Revenue form (2007 income).	116
UNICREDIT	MINISTRY OF AGRICULTURE, FOODSTUFF AND FORESTRY POLICIES	For the management of plants and services related to the organization of horse races and the TV broadcasting related to races in the San Siro and Trotto racetracks in Milan for the 2015 season.	96
BANCA DI CREDITO COOPERATIVO DI CAMBIANO	MEDIASET PREMIUM S.p.A.	Mediaset decoder top-ups	50
UNICREDIT	MINISTRY OF AGRICULTURE, FOODSTUFF AND FORESTRY POLICIES	For the management of plants and services related to the organization of horse races and the TV broadcasting related to races in the Montecatini Sesana racetrack for the 2015 season.	27
BANCA DI CREDITO COOPERATIVO DI CAMBIANO	TISCALI ITALIA S.p.A.	Tiscali's phone top-ups	20
BANCA MONTE DEI PASCHI DI SIENA S.p.A.	P.M. Immobiliare di Nebbiolo Orietta e C. SAS	To guarantee the fulfilment of all obligations undertaken with the guarantee deposit (replaced by this guarantee), as set out in the rental agreement of the building located in Alessandria.	12
UNICREDIT	CONSEJERIA DE HACIENDA DE LA COMUNIDAD DE MADRID	To guarantee the registration in the Gaming general register in the Madrid region.	(3)
UNICREDIT	POSTEMOBILE 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 Gaming general register in the Madrid region.	(60)
UNICREDIT	ADM	AAMS On-line games	(115)

ELBA ASSICURAZIONI SPA	MINISTRY OF ECONOMIC DEVELOPMENT	In guarantee of the "Ticket mondiale" tender	(134)
UNICREDIT	ADM	As a guarantee securing the opening of horse racing gaming stores and points and the activation of on-line horse race gaming in connection with the horse racing concessions granted under the 2006 tender procedure	(340)
BANCA DI CREDITO COOPERATIVO DI CAMBIANO	VODAFONE OMNITEL B.V.	To guarantee prompt and entire fulfilment of obligations related to the agreement	(400)
UNICREDIT	ADM	Guarantee securing the concession for the acceptance of horse race bets	(896)
UNICREDIT	MEDIOCREDITO ITALIANO S.p.A.	Tim's phone top-ups	(3,000)
Total			1,663

34. Related Parties

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 identical to equivalent contracts in place with third parties.

Certain SNAI Group companies have accounts with Banca MPS, Intesa San Paolo, Poste Italiane, Banca CR Firenze S.p.A., Unicredit S.p.A. and Banco Popolare Società Cooperativa, which may be considered related parties to the SNAI Group.

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

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

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

thousands of Euro	30.09.2015	% Impact	31.12.2014	% Impact
Other current assets:				
- 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%
	3	0.01%	1	0.00%
Total Assets	3	0.00%	1	0.00%
Trade payables:				
- to 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%
- to Companies related to shareholders of SNAI S.p.A.	1	0.00%	-	0.00%
	3	0.01%	201	0.62%
Other current liabilities:				
- to 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 of Teleippica S.r.l.	1	0.00%	1	0.00%
- to Global Games S.p.A.	1	0.00%	-	0.00%
- to Teseo S.r.l. in liquidation	383	0.30%	483	0.53%
	418	0.33%	484	0.53%
Total Liabilities	421	0.05%	685	0.10%

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

First nine months of 2015

thousands of Euro	First nine months of 2015	% Impact	First nine months of 2014	% Impact
Revenues from services and chargebacks:				
- from Companies related to directors of SNAI S.p.A.	3	0.00%	-	0.00%
	3	0.00%	-	0.00%
Other revenues				
- from Global Games S.p.A.	3	0.01%	4	0.69%
- from Companies related to shareholders of SNAI S.p.A.	-	0.00%	1	0.17%
- from Directors and Companies related to Finscom S.r.l.	1	0.00%	-	0.00%
	4	0.01%	5	0.86%
Total revenues	7	0.00%	5	0.00%
Costs for services and chargebacks:				
- from Companies related to directors of SNAI S.p.A.	5	0.00%	2	0.00%
- from Companies related to shareholders of SNAI S.p.A.	-	0.00%	1	0.00%
- from Companies related to auditors of SNAI S.p.A.	1	0.00%	-	0.00%
- from directors of Teleippica S.r.l.	65	0.02%	63	0.02%
- from Directors and Companies related to Finscom S.r.l.	80	0.03%	-	0.00%
- from Connex S.r.l. in liquidation	-	0.00%	450	0.17%
	151	0.06%	516	0.19%
Other operating costs:				
- from Companies related to directors of SNAI S.p.A.	9	0.03%	9	0.04%
- from Connex S.r.l. in liquidation	-	0.00%	2	0.01%
	9	0.03%	11	0.05%
Total costs	160	0.05%	527	0.18%

QIII 2015

thousands of Euro	QIII 2015	% Impact	QIII 2014	% Impact
Revenues from services and chargebacks:				
- from Companies related to directors of SNAI S.p.A.	1	0.00%	-	0.00%
	1	0.00%	-	0.00%
Other revenues				
- from Global Games S.p.A.	1	0.32%	1	0.54%
- from Directors and Companies related to Finscom S.r.l.	1	0.32%	-	0.00%
	2	0.64%	1	0.54%
Total revenues	3	0.00%	1	0.00%
Costs for services and chargebacks:				
- from Companies related to directors of SNAI S.p.A.	1	0.00%	-	0.00%
- from Companies related to shareholders of SNAI S.p.A.	-	0.00%	1	0.00%
- from Companies related to auditors of SNAI S.p.A.	1	0.00%	-	0.00%
- from directors of Teleippica S.r.l.	23	0.03%	22	0.03%
- from Directors and Companies related to Finscom S.r.l.	41	0.05%	-	0.00%
- from Connex S.r.l. in liquidation	-	0.00%	150	0.17%
	66	0.08%	173	0.20%

Other operating costs:

- from Companies related to directors of SNAI S.p.A.	3	0.03%	3	0.03%
- from Connex S.r.l. in liquidation	-	0.00%	-	0.00%
	3	0.03%	3	0.03%
Total costs	69	0.07%	176	0.18%

Revenues from services and chargebacks and other revenues have a 0.01% effect on Earnings Before Interest, Tax, Depreciation and Amortisation in the first nine months of 2015 and 2014, while total revenues have an effect on the Profit (Loss) of the first nine months of 2015 of 0.05% (0.05% in the first nine months of 2014).

The costs for raw materials and consumables, the costs for services and chargebacks and other operating costs represented 0.21% of Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) in the first nine months of 2015 (0.67% in the first nine months of 2014), while total costs are 1.14% of Profit (Loss) of the first nine months of 2015 (5.30% in the first nine months of 2014).

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

thousands of Euro	30.09.2015	31.12.2014
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Trade receivables:

- from Società Trenno S.r.l.	172	218
- from Finscom S.r.l.	37	-
- from SNAI Rete Italia S.r.l.	604	-
- from Festa S.r.l.	-	2
- from Teleippica S.r.l.	61	70
Total trade receivables	874	290

Other current assets:

- 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.	1,769	1,468
- from Alfea S.p.A.	-	1
Total other current assets	1,772	2,817

Financial receivables:

- from Società Trenno S.r.l.	6,840	2,614
- from SNAI Rete Italia S.r.l.	7,815	-
Total financial receivables	14,655	2,614
Total Assets	17,301	5,721

Trade payables:

- to Companies related to directors	2	15
- to Società Trenno S.r.l.	115	141
- to Finscom S.r.l.	6	-
- to SNAI Rete Italia S.r.l.	11	-
- to Festa S.r.l.	-	3
- to Teleippica S.r.l.	334	330
- to Connex S.r.l. in liquidation	-	183
- to companies related to shareholders	1	-
Total trade payables	469	672

Other current liabilities:

- to Companies related to directors	10	-
- to Global Games S.p.A.	1	-
- to Società Trenno S.r.l.	5,857	5,722
- to SNAI Rete Italia S.r.l.	592	-
- to Festa S.r.l.	-	547
- to Teleippica S.r.l.	105	-

- to Tesco S.r.l. in liquidation	383	483
- to companies related to shareholders	23	-
Total other current liabilities	6,971	6,752
Current financial payables:		
- to Festa S.r.l.	-	3,066
- to Immobiliare Valcarenga S.r.l.	-	255
- to Teleippica S.r.l.	5,232	1,612
Total current financial payables	5,232	4,933
Total Liabilities	12,672	12,357

thousands of Euro First nine months of 2015 First nine months of 2014

Revenues from services and chargebacks:		
- from Companies related to directors	3	-
- from Società Trenno S.r.l.	178	168
- from SNAI Rete Italia S.r.l.	14	-
- from Finscom S.r.l.	6	-
- from Teleippica S.r.l.	51	-
Total revenues from services and chargebacks	252	168

Other revenues		
- from Companies related to directors	-	1
- from Global Games S.p.A.	3	4
- from Società Trenno S.r.l.	423	403
- from SNAI Rete Italia S.r.l.	2	-
- from Festa S.r.l.	-	89
- from Immobiliare Valcarenga S.r.l.	-	9
- from Teleippica S.r.l.	380	377
Total other revenues	808	883

Interest income:		
- from Società Trenno S.r.l.	247	221
- from SNAI Rete Italia S.r.l.	203	-
- from Teleippica S.r.l.	2	221
Total interest income	452	442
Total revenues	1,512	1,493

Costs for services and chargebacks:		
- from Companies related to directors	5	2
- from Società Trenno S.r.l.	365	302
- from Finscom S.r.l.	600	-
- from SNAI Rete Italia S.r.l.	736	-
- from Festa S.r.l.	-	4,163
- from Teleippica S.r.l.	2,258	2,265
- from Connex S.r.l. in liquidation	-	450
- from companies related to auditors	1	-
- from companies related to shareholders	-	1
Total costs for services and chargebacks	3,965	7,183

Costs of seconded personnel		
- from Festa S.r.l.	-	28
Total costs of seconded personnel	-	28

Other operating costs		
- from Companies related to directors	9	9

- from Finscom S.r.l.	(24)	-
- from SNAI Rete Italia S.r.l.	(33)	-
- from Società Trenno S.r.l.	(3)	4
Total other operating costs	(51)	13
Interest expense and fees		
Interest expense to Festa S.r.l.	-	85
Interest expense to Immobiliare Valcarenga S.r.l.	-	13
Interest expense to Teleippica S.r.l.	284	-
Total interest expense and fees	284	98
Total costs	4,198	7,322

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 ("Facility A" and "Facility B"), the issue of which was resolved on 5 November 2013 by the Company's Board of Directors. The "Facility A" bonds were issued in the amount of 15,000 thousand and "Facility B" bonds were issued in the amount of 20,000 thousand. The Class A bonds were repaid on 4 December 2013 and on 5 May 2015 Class B bonds were entirely repaid.

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

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

On 27 November 2013, SNAI entered, as receiving party, a revolving loan contract amounting to Euro 30,000 thousand with UniCredit Bank AG, Milan branch, as agent and security agent and, among others, Deutsche Bank S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A. as lending banks. On 28 July 2015, during refinancing related to the merger of Cogemat, the above-mentioned revolving line was increased by Euro 25,000 thousand with UniCredit S.p.A. as lending bank, at the same terms and conditions set out in 2013. The credit line now amounts to a total of Euro 55,000 thousand. The increase can be used upon fulfilment of all conditions precedent and the actual acquisition of the Cogemat/Cogetech Group. The Senior Revolving Facility had not been used as at 30 September 2015.

On 20 July 2015, the Board of Directors of SNAI approved the issue of a non-convertible, guaranteed, senior bond loan for a total principal up to Euro 110 million, with maturity term on 15 June 2018. Bonds were initially subscribed by J.P.Morgan Securities plc. and Unicredit Bank AG, and then exclusively placed at qualified investors. The Bonds are listed on the Euro MTF market, organised and managed by the Stock Exchange of Luxembourg. As regards the merger with the Cogemat Group, revenues resulting from the issue of Bonds will be used by the Company for the partial early cash repayment of payables resulting from some loans related to Cogemat and/or its subsidiaries. The pricing of the guaranteed, non-convertible senior bond loan was defined on 21 July 2015, for a total capital amount up to Euro 110 million, with maturity term on 15 June 2018 at an issue price equal to 102.5%, and a coupon equal to 7.625% on yoy basis. The Bond issue and regulation took place on 28 July 2015. The related amounts are credited on an escrow account until the occurrence of conditions precedent and upon enforceability of the acquisition of Cogemat/Cogetech Group.

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

Financial Derivatives

As 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 nine months of 2015 (amounts in thousands of Euro):

Cash Flow Hedge reserve - Interest rate risk	30.09.2015
Initial reserve	(2,124)
Positive (+) / negative (-) changes in reserve for recognition of hedge effectiveness	0
Positive (+) / negative (-) reclassifications to income statement for cash flows which affected the income statement	1,593
Final reserve	(531)

Liquidity Risk

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

Interest Rate Risk

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

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

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

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

Credit risk

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

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

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

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

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

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

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

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

Exchange rate risk

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

Capital management

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

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

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

thousands of Euro	30.09.2015	31.12.2014
Interest-bearing loans	590,671	487,660
Non-interest-bearing loans	32	32
Financial liabilities	590,703	487,692
Trade payables and other liabilities	157,618	125,838
Financial Assets	(133,923)	(20,907)
Cash and cash equivalents	(78,384)	(68,629)
Net debt	536,014	523,994
Shareholders' equity	35,553	48,101
Total shareholders' equity	35,553	48,101
Shareholders' equity and net debt	571,567	572,095
Net debt/(shareholders' equity and net debt) ratio	93.5%	91.6%

36. Significant non-recurring events and transactions

In the first nine months of 2015, non-recurring costs and revenues, as defined by Consob Resolution No. 15519 of 27 July 2006, as being those "components of income (positive and/or negative) deriving from non-recurring events or transactions (i.e. those transactions or events that are not frequently repeated in the ordinary course of business)", amounted to Euro 25,950 thousand, including:

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

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

No atypical and/or unusual transactions took place during the first nine months 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		
	30.09.2015	31.12.2014	30.09.2014
IMMOBILIARE VALCARENGA S.r.l. held by a sole quotaholder	0	100	100
FESTA S.r.l. held by a sole quotaholder	0	100	100
Società Trenno S.r.l. held by a sole quotaholder	100	100	100
SNAI Olè S.A. in liquidation	0	100	100
Teleippica S.r.l.	100	100	100
SNAI Rete Italia S.r.l.	100	0	0
Finscom S.r.l.	100	0	0

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

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

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

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

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

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	30.09.2015	31.12.2014
A. Cash on hand	1,109	203
B. Other cash and cash equivalents	77,275	68,426
<i>bank accounts</i>	77,102	68,100
<i>postal accounts</i>	173	326
C. Securities held for trading	1	1
D. Liquidity (A) + (B) + (C)	78,385	68,630
E. Current financial receivables	0	0
F. Current bank debts	38	40
G. Current portion of non-current indebtedness	0	19,552
H. Other current financial payables	14,097	3,331
- for interest on bond loans	12,718	2,148
- for acquisition of sports and horse racing concessions	32	32
- to other lenders	1,347	1,151
I. Current financial indebtedness (F) + (G) + (H)	14,135	22,923
J. Net current financial indebtedness (I) - (E) -(D)	(64,250)	(45,707)
K. Non-current bank debts	0	0
L. Bonds issued	465,585	463,561
M. Other non-current payables	98	1,208
- to other lenders	98	1,208
N. Non-current financial indebtedness (K) +(L) + (M)	465,683	464,769
O. Net financial indebtedness (J) + (N)	401,433	419,062

It is worth nothing that, according to cash flows resulting from the current Business Plan, the Company could be unable to fully repay its payables related to bond loans but, in line with a generally accepted market practice, the Company will be able to refinance the portion of indebtedness that is possibly still unpaid at maturity term.

The net financial position does not include the term-deposit bank accounts or unavailable account balances in the amount of Euro 19,739 thousand, classified under item "current financial assets" on the balance sheet and the other non-current financial assets, equal to Euro 2,010 thousand (see Note 22). Moreover, the net financial position does not include restricted cash and the related liabilities resulting from the refinancing occurred in July 2015 and related to the merger of the company Cogemat by reason of the fact that this transaction is still suspended to the fulfilment of conditions precedent to the transaction itself.

With respect to the net financial indebtedness as at 31 December 2014, the net financial debt decreased by Euro 17,629 thousand. The decrease is primarily due to the positive contribution attributable to the transaction for the amicable settlement of the dispute between SNAI, on the one hand, and Barcrest Group Limited, The Global Draw Limited and their parent company Scientific Games Corporation on the other hand, in addition to the repayment of the ADI guarantee deposit for 2014, partly mitigated by the unfavourable performance of ordinary business in the first nine months of 2015.

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

thousands of Euro	30.09.2015	31.12.2014
A. Cash on hand	124	155
B. Other cash and cash equivalents	71,366	66,766
<i>banks</i>	71,193	66,440
<i>postal accounts</i>	173	326
C. Securities held for trading	1	1
D. Liquidity (A)+(B)+(C)	71,491	66,922
E. Current financial receivables	14,655	2,615
- financial current account with subsidiaries	14,655	2,615
F. Current bank debts	38	40
G. Current portion of non-current indebtedness	0	19,552
H. Other current financial payables:	19,329	8,263
- for interest on bond loans	12,718	2,148
- financial current account with subsidiaries	5,232	4,932
- for acquisition of sports and horseracing concessions	32	32
- to other lenders	1,347	1,151
I Current financial indebtedness (F)+(G)+(H)	19,367	27,855
J Net current financial indebtedness (I)-(E)-(D)	(66,779)	(41,682)
K. Non-current bank debts	0	0
L. Bonds issued	465,585	463,561
M. Other non-current payables:	98	1,208
- to other lenders	98	1,208
N. Non-current financial indebtedness (K)+(L)+(M)	465,683	464,769
O Net financial indebtedness (J) + (N)	398,904	423,087

The net financial position does not include the term-deposit bank accounts or unavailable account balances in the amount of Euro 19,739 thousand, while non-current financial assets are not included. Moreover, the net financial position does not include restricted cash and the related liabilities resulting from the refinancing occurred in July 2015 and related to the merger of the Cogemat/Cogetec Group by reason of the fact that this transaction is still suspended until the fulfilment of conditions precedent to the transaction itself.

39.1 Covenants

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

The above-mentioned agreements provide, in accordance with common practice in similar transactions, that the Company undertakes commitments aimed at safeguarding the credit position of financing entities. Amongst these provisions are the restrictions on the distribution of dividends 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 28).

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

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

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

40. Events occurred after the period

40.1 Payment of the Stability Law

On 2 November 2015 SNAI paid the amount of Euro 11,633 thousand in favour of ADM. According to the interpretation inferable from the Order and discussions undertaken with competent Authorities, this amount is made up of the reduced portion of premiums and remunerations actually paid to SNAI by other operators and attributable to SNAI as at 31 December 2014, for the period ranging from 1 May 2015 to 31 October 2015.

On the occasion of this payment, SNAI offset its reduced portion of premiums and remunerations that were due, with the amount of Euro 4,061 thousand that had been previously kept by ADM on the 2014 guarantee deposit on Gaming Machines, and had to be refunded in May 2015. This offset, equal to Euro 3,853 thousand, was made in agreement with ADM and the remaining receivables in favour of SNAI then amounted to Euro 207 thousand.

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

Milan, 12 November 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.

Composition of the SNAI Group as at 30 September 2015

(thousands of Euro)

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

Notes on the composition of the SNAI Group

- (1) Wholly-owned subsidiary of SNAI S.p.A., as a result of the merger by incorporation of Ippodromi San Siro S.p.A. (former Società Trenno S.p.A.). The company was incorporated on 27 July 2006, and on 15 September 2006 Ippodromi San Siro S.p.A. contributed its "horse racing operations" business unit.
- (2) Incorporated on 13 November 1996, and acquired by SNAI S.p.A. on 30 December 1999. On 3 August 2001, Teseo S.r.l. entered winding-up.
- (3) Acquired by third parties on 5 May 2000. On 2 October 2003, the extraordinary shareholders' meeting changed the company's name from SOGEST Società Gestione Servizi Termali S.r.l. to TELEIPPICA S.r.l., and also its corporate purpose. Over the course of 2005, the extraordinary shareholders' meeting resolved to increase the share capital to Euro 2,540,000. On 31 January 2011 SNAI S.p.A. acquired control of 80.5% of the share capital of Teleippica S.r.l. from SNAI Servizi S.p.A. SNAI S.p.A. owns 100% of the share capital of Teleippica S.r.l.
- (4) On 3 April 2015, the new company named SNAI Rete Italia S.r.l., 100% owned by SNAI S.p.A., was incorporated with share capital of Euro 10 thousand, also aimed at the acquisition of shareholdings in companies managing sales points, as well as at the centralisation and management of direct sales points.
- (5) On 1 April 2015, SNAI S.p.A. ("SNAI") entered with Finscom S.r.l., in liquidation, ("Finscom") and the shareholders of Finscom, a Debt Restructuring Agreement, pursuant to Art. 67, par. 3, lett. d) of the Bankruptcy Law. In execution of the aforesaid agreement, an extraordinary shareholders' meeting of Finscom was held on 8 April 2015. The meeting resolved on the following: (i) settlement of losses and re-establishment of Finscom's share capital (Euro 25,000.00), partly through the corresponding waive of some amounts receivable and partly through the increase of the share capital reserved to SNAI and SNAI Rete Italia S.r.l. (subject indicated by SNAI pursuant to the Debt Restructuring Agreement), as well as (ii) the revocation of the liquidation position of Finscom. Following the waive by Finscom's shareholders to their right of subscribing the reserved share capital increase as per Art. 2481-bis of the Italian Civil Code, SNAI subscribed and released the reserved share capital increase by offsetting the amounts receivable from Finscom with the entire principal (total amount of Euro 2,662,145.02). SNAI Rete Italia S.r.l. subscribed and released the reserved share capital increase through the payment in cash of Euro 2,363,438.09. At the end of the aforesaid transactions, Finscom's share capital was now entirely held by the new shareholders SNAI and SNAI Rete Italia S.r.l., in the percentage of 52.97% and 47.03%, respectively.
- (6) On 12 January 2011, the shareholders' meeting of Hippogroup Roma Capannelle S.p.A. resolved, inter alia, to reduce the share capital to Euro 944,520.00. SNAI S.p.A.'s shareholding was unchanged at 27.78%.
- (7) A company incorporated under Luxembourg law on 10 March 2006 by SNAI S.p.A., which holds 30%, and FCCD Limited, a company incorporated under Irish law, which holds 70%.
- (8) 30.70% shareholding already own by Ippodromi San Siro S.p.A. (former Società Trenno S.p.A.) now merged into SNAI S.p.A..
- (9) On 7 December 2000, the shareholding in 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 4 February 2015, the shareholders' meeting resolved to wind up the company.
- (10) Acquired on 8 April 2015 through the purchase of the company Finscom S.r.l..
- (11) Shareholding of 2.44% acquired on 19 July 1999 by Società Trenno S.p.A., which was subsequently merged into SNAI S.p.A., by incorporation.