



PRESS RELEASE

LOTTOMATICA GROUP ANNOUNCES RESULTS FOR THE SECOND-QUARTER AND SIX-MONTH PERIOD ENDED JUNE 30, 2010

Consolidated Financial and Business Highlights

- **Solid Q2 performance provides momentum**
 - **Revenues and EBITDA up 11% and 5%, respectively, versus the same period last year**
 - **Revenue growth across all business segments**
 - **40% growth in EPS, versus 2Q 2009**
- **Benefiting from disciplined cost-management initiatives**

Lottomatica Group Second-Quarter and First-Half Results Comparison

Consolidated Income Statement (€/M)	2Q 2010	2Q 2009	% chg	1H 2010	1H 2009
Revenues	574.5	516.4	11.3	1,119.2	1,098.7
EBITDA	200.0	191.0	4.7	397.3	430.6
Operating Income	110.4	106.1	4.0	228.5	261.3
Net Income Attributable to Parent	34.9	22.1	57.7	64.3	94.0

EBITDA represents operating income plus depreciation, amortization, impairment, and other non-cash items. EBITDA is considered an alternative performance measure that is not a defined measure under International Financial Reporting Standards ("IFRS") and may not take into account the recognition, measurement and presentation requirements associated with IFRS. We believe that EBITDA assists in explaining trends in our operating performance, provides useful information about our ability to incur and service indebtedness and is a commonly used measure of performance by securities analysts and investors in the gaming industry. EBITDA should not be considered as an alternative to operating income as an indicator of our performance or to cash flows as a measure of our liquidity. As we define it, EBITDA may not be comparable to other similarly titled measures used by other companies.

ROME (ITALY) – PROVIDENCE, RHODE ISLAND (US), July 29, 2010 – Lottomatica Group S.p.A. Board of Directors, chaired by Mr. Lorenzo Pelliccioli, today reviewed both the second-quarter and six-month results, and approved the consolidated financial statements for the first six months of 2010, which ended June 30, 2010.

Marco Sala, CEO of Lottomatica Group, said, "Lottomatica Group had a solid second quarter. We experienced revenue growth across all our business segments and enjoyed commercial successes that position us well for the full year and beyond."

"With revenues and EBITDA up 11% and 5%, respectively, compared to the prior year, the encouraging results of the second quarter give us confidence that we can achieve the key performance metrics of the guidance we provided," said Stefano Bortoli, CFO of Lottomatica Group. "We also remain committed to maintaining our investment grade credit rating."

For the second quarter ended June 30, 2010, **Revenues** totaled €574.5 million, compared to €516.4 million in the second quarter of 2009, up 11.3%.

(€/M)	2Q 2010	2Q 2009	% chg
Service Revenues	525.5	485.8	8.2
Product Sales	49.0	30.6	60.2
Total	574.5	516.4	11.3

EBITDA was €200.0 million in the second quarter of 2010, up 4.7% compared to €191.0 million in the same period last year. The increase in EBITDA was primarily driven by higher revenues and profits from Sports Betting and Machine Gaming in Italy, the impact of cost reduction initiatives taken in the fourth quarter of 2009 and this year, as well as the weakening of the Euro against the U.S. dollar. These improvements were partially offset by Lotto performance in Italy.

Operating Income was €110.4 million in the second quarter of 2010, compared to €106.1 million in the same period last year, up 4%.

Net income, attributable to the parent, was €34.9 million for the quarter ended June 30, 2010, compared to €22.1 million in the second quarter of 2009. In the second quarter of 2010, the Group recorded €15.5 million of foreign exchange gains compared to €12.0 million of foreign exchange losses in the second quarter of 2009.

Diluted **Earnings-Per-Share** were €0.21, up from €0.15 in the second quarter of 2009.

Net **Cash Flows** from Operating Activities generated €262.4 million in the second quarter of 2010, compared to €194.7 million in the second quarter of 2009, up 34.8%.

During the quarter, **Investing Activities** totaled €622.0 million, compared to €81.8 million in the same period last year. The increase was primarily driven by investments for the new Scratch & Win license in Italy.

At June 30, 2010, Consolidated Shareholders' Equity totaled €2.4 billion. Lottomatica Group had a **Net Financial Position** (NFP) of €2.96 billion, compared to €2.42 billion as of December 31, 2009. A portion of Lottomatica Group's debt is U.S. dollar denominated, and therefore exposed to translation adjustments. At the December 31, 2009 Euro/U.S. dollar exchange rate, NFP would have been approximately €200 million lower.

Revenues by Segment

Group Revenues (€/M)	2Q 2010	2Q 2009	Increase /Decrease	% chg
Italian Operations	290.7	276.0	14.7	5.3
GTECH Lottery	229.8	190.8	39.0	20.5
Gaming Solutions	36.4	33.3	3.1	9.3
GTECH G2	18.4	17.1	1.3	7.4
Subtotal	575.3	517.2	58.1	11.2
Eliminations/Purchase Accounting	(0.8)	(0.8)	--	--
Total	574.5	516.4	58.1	11.3

Italian Operations

Total revenues from Italian operations grew 5.3% to €290.7 million, from €276.0 million in the second quarter of 2009. Instant-ticket wagers were approximately €2.3 billion in the second quarter of 2010, comparable to the same period last year. To further drive sales, Lottomatica introduced two new €3 tickets in the quarter as well as a €5 ticket in July, with three new games planned for the remainder of 2010. Approximately 616 million Scratch & Win tickets were sold in the three-month period, with an average price point of €3.8.

Lotto wagers decreased to €1.2 billion, from €1.4 billion in the second quarter of last year.

Wagers from sports betting in Italy, including pool games, increased 3.8% to €251.3 million in the second quarter of 2010, from €242.2 million in the second quarter last year. As of June 30, 2010, more than 1,200 fixed odds sports-betting and approximately 500 sports pool point-of-sale locations were operational.

Lottomatica continues to maintain a strong presence in the Italian market through the direct management of gaming machines. Amusement With Prize (AWP) machine wagers were €1.1 billion in the second quarter of 2010, up 10.0% over the second quarter of 2009. Lottomatica is the second largest operator in the Italian AWP market, in terms of the number of connected machines. On July 16, Lottomatica Videolot Rete and SPIELO Manufacturing together installed the first video lottery terminals (VLTs) in the new Italian Comma 6B VLT market.

Wagers from the Interactive segment totaled €102.9 million, up 19% versus the second quarter of 2009.

GTECH Lottery

Total GTECH lottery revenues for the second quarter of 2010 grew 20.5% over the same period last year to €229.8 million. Service revenue grew 12.2% to €202.2 million, when compared to the second quarter of 2009. Product sale revenues grew to €27.7 million from €10.7 million last year. On a constant currency basis, GTECH's revenues were up 9.9%.

During the second quarter of 2010, GTECH signed a seven-year integrated services contract with the Kentucky Lottery, as well as a five-year contract extension with the California Lottery. The Connecticut Lottery signed an agreement with GTECH for the provision of self-service lottery product vending machines. Also during the second quarter, GTECH successfully launched new instant products and a daily online keno game for a complementary retailer network rollout for Organizacion Nacional de Ciegos de Espana (ONCE), at more than 5,800 locations throughout Spain. The number of locations in this network is expected to more than double over the next 18 months. After the close of the quarter, GTECH signed a seven-year integrated services contract with Totalizator Sportowy in Poland. GTECH Printing Corporation received additional printing business from lotteries in Texas, Kentucky, Connecticut, and Rhode Island.

During the second quarter of 2010, GTECH continued to work with the Mega Millions and Powerball consortiums to implement cross-selling of each consortium's games. Early results are positive and are expected to drive growth for GTECH's customers in the U.S. market in 2011 and beyond. Additionally, with the removal of prize payout restrictions in California, the California Lottery will be able to generate incremental revenue growth going forward.

Gaming Solutions

Second-quarter revenues in the Gaming Solutions segment, when compared to the same period last year, were up 9.3% to €36.4 million.

In the second quarter of 2010, Gaming Solutions signed a contract to install and maintain a new central system in Argentina as well as electronic gaming machines. Following the successful launch of the first VLT network in Italy, SPIELO will continue to work with two of the top three gaming machine concessionaires in Italy – Videolot Rete and Gamenet – to provide end-to-end VLT solutions in additional locations throughout the country.

GTECH G2

Second-quarter revenue contributions from GTECH G2 were €18.4 million, up 7.4% over the same period last year.

GTECH G2 is working closely with WLA customers to develop and execute interactive platforms in several jurisdictions across the globe. In Canada, Loto-Quebec will utilize GTECH G2's online poker platform which will be shared by the British Columbia Lottery Corporation and the Atlantic Lottery Corporation.

Additional Information: First-Half Results Revenue Comparison

Revenues by Segment

Group Revenues (€/M)	1H 2010	1H 2009	Increase /Decrease	% chg
Italian Operations	591.9	595.3	(3.4)	(0.6)
GTECH Lottery	422.6	405.7	16.9	4.2
Gaming Solutions	69.7	64.7	5.0	7.6
GTECH G2	36.7	34.5	2.2	6.5
Subtotal	1,120.9	1,100.2	20.7	1.9
Eliminations/Purchase Accounting	(1.7)	(1.5)	(0.2)	(14.7)
Total	1,119.2	1,098.7	20.5	1.9

For the first six months ended June 30, 2010, Revenues totaled €1.119 billion, compared to €1.099 billion in the first half of 2009, up 1.9%.

EBITDA was €397.3 million in the first half of 2010, compared to €430.6 million in the same period last year. The decrease in EBITDA was mainly driven by Lotto performance in Italy, the impact of contract portfolio changes in the U.S., and prize payouts for Sports Betting in Italy. These reductions were partially offset by higher revenues and profits from Machine Gaming in Italy, the impact of cost reduction initiatives taken in the fourth quarter of 2009 and this year, as well as the weakening of the Euro against the U.S. dollar.

Operating Income was €228.5 million in the first six months of 2010, compared to €261.3 million in the same period last year. Net income, attributable to the parent, was €64.3 million for the six months ended June 30, 2010, compared to €94.0 million in the first half of 2009.

Diluted Earnings-Per-Share were €0.38, compared to €0.63 in the first half of last year.

Net Cash Flows from Operating Activities generated €405.7 million in the first half of 2010, compared to €342.7 million in the first half of 2009.

Total revenues from Italian operations were approximately €591.9 million in the first six months of 2010, compared to €595.3 million in the first six months of 2009. Lottery revenues from Italian operations totaled €327.2 million, compared to €360.9 million in the same period last year. Instant-ticket wagers were approximately €4.83 billion in the first half of 2010, compared to €4.96 billion in the same period last year, while Lotto wagers for the first half were €2.4 billion, compared to €2.9 billion last year. Lotto wagers were affected by a lower incidence of late numbers in the first six months of 2010.

Wagers from sports betting in Italy increased 12.2% to €560.0 million in the first six months of 2010, from €499.2 million in the same period last year. Gaming machine wagers also grew from €2.1 billion to €2.2 billion, up 7.9% versus the same period in 2009.

Wagers from the Interactive segment totaled €205.6 million, up 27.0% versus the first half of 2009.

Total GTECH lottery revenues for the first six months of 2010 grew 4.2% over the same period last year to €422.6 million. Service revenue grew 5.0% to €389.7 million, when compared to the first half of 2009. Product sale revenues totaled €32.9 million for the first six months of 2010.

First-half revenues for Gaming Solutions were €69.7 million, up 7.6% versus the same period last year.

First-half revenue contributions from GTECH G2 were approximately €36.7 million, up 6.5% versus the prior year.

Other Business Developments:

Lottomatica Group's Board of Directors implemented the 2010 – 2016 Stock Option Plan and the 2010 – 2014 Share Allocation Plan, both approved by the Ordinary Shareholders' Meeting on April 30, 2010. The Board approved the Regulations of the Plans, assigned Options and Shares, resolved – in accordance with the authorization granted by the Extraordinary Shareholders' Meeting on October 18, 2006 – to increase stock capital up to a nominal amount of €1,825,026.00 for use in connection with the Stock Option Plan, and determined the exercise price of the Options granted at €10.89.

The documentation required by the relevant provisions in connection with the above resolutions may be found on the Group's website at www.lottomaticagroup.com (section: Governance – Documents and Reports – Ongoing Stock-Based Compensation Plans).

Declaration

The manager responsible for preparing Lottomatica Group's financial reports, Stefano Bortoli, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books, and accounting records.

Lottomatica Group is a market leader in the Italian gaming industry and one of the largest Lottery operators in the world based on total wagers and, through its subsidiary GTECH Corporation, is a leading provider of lottery and gaming technology solutions worldwide. Together, the companies are the only vertically integrated full service lottery group. Lottomatica Group is majority owned by De Agostini, which belongs to a century-old publishing and media services group. Lottomatica is listed on the Stock Exchange of Milan under the trading symbol "LTO". In 2009, Lottomatica Group had approximately €2.2 billion in revenues and 7,600 employees in over 50 countries.

For further information:

Robert K. Vincent
Lottomatica Group S.p.A.
Corporate Communications
T. (+1) 401 392 7452

Simone Cantagallo
Lottomatica Group S.p.A.
Media Communications
T. (+39) 06 51899030

*This press release and earlier ones are available on Lottomatica Group and GTECH websites:
www.lottomaticagroup.com - www.gtech.com*

Lottomatica Group Consolidated Financial Statements to follow:

LOTTOMATICA GROUP AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2010	December 31, 2009
	<u>Unaudited</u>	<u>Audited</u>
<i>(thousands of euros)</i>		
ASSETS		
Non-current assets		
Systems, equipment and other assets related to contracts, net	893,768	774,558
Property, plant and equipment, net	101,324	88,522
Goodwill	3,391,382	3,006,783
Intangible assets, net	1,772,182	822,886
Investments in associates	223	443
Other non-current assets	24,846	22,692
Non-current financial assets	20,174	7,309
Deferred income taxes	10,652	6,030
Total non-current assets	<u>6,214,551</u>	<u>4,729,223</u>
Current assets		
Inventories	159,169	134,080
Trade and other receivables	656,286	791,803
Other current assets	66,412	61,577
Current financial assets	43,757	4,613
Income taxes receivable	21,017	8,068
Cash and cash equivalents	109,233	469,335
Total current assets	<u>1,055,874</u>	<u>1,469,476</u>
Non-current assets classified as held for sale	4,628	5,890
TOTAL ASSETS	<u>7,275,053</u>	<u>6,204,589</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Issued capital	172,015	172,015
Share premium	1,708,081	1,404,252
Treasury shares	(61,695)	(63,502)
Retained earnings	5,462	66,807
Other reserves	326,648	258,162
	<u>2,150,511</u>	<u>1,837,734</u>
Non-controlling interests	<u>223,346</u>	<u>59,073</u>
Total equity	<u>2,373,857</u>	<u>1,896,807</u>
Non-current liabilities		
Long-term debt, less current portion	2,773,713	2,621,990
Deferred income taxes	187,720	134,127
Long-term provisions	19,233	22,970
Other non-current liabilities	60,110	55,184
Non-current financial liabilities	146,405	142,317
Total non-current liabilities	<u>3,187,181</u>	<u>2,976,588</u>
Current liabilities		
Accounts payable	809,720	905,677
Short-term borrowings	32,508	5,079
Other current liabilities	643,148	270,564
Current financial liabilities	41,783	59,885
Current portion of long-term debt	115,454	67,186
Short-term provisions	1,341	1,858
Income taxes payable	70,061	20,945
Total current liabilities	<u>1,714,015</u>	<u>1,331,194</u>
TOTAL EQUITY AND LIABILITIES	<u>7,275,053</u>	<u>6,204,589</u>

LOTTOMATICA GROUP AND SUBSIDIARIES
INTERIM CONSOLIDATED INCOME STATEMENTS

	<u>For the six months ended June 30</u>	
	<u>2010</u>	<u>2009</u>
<i>(thousands of euros)</i>	<i>Unaudited</i>	
Service revenue	1,045,422	1,027,306
Product sales	<u>73,745</u>	<u>71,344</u>
Total revenue	1,119,167	1,098,650
Raw materials, services and other costs	540,785	490,959
Personnel	223,733	215,284
Depreciation	118,156	120,134
Amortization	46,759	48,388
Impairment loss	2,148	57
Capitalization of internal construction costs - labor and overhead	<u>(40,902)</u>	<u>(37,471)</u>
Total costs	890,679	837,351
Operating income	228,488	261,299
Interest income	1,513	1,812
Equity loss	(205)	(1,033)
Other income	657	811
Other expense	(2,838)	(1,952)
Foreign exchange gain (loss), net	16,401	(845)
Interest expense	<u>(83,781)</u>	<u>(78,130)</u>
	<u>(68,253)</u>	<u>(79,337)</u>
Income before income tax expense	160,235	181,962
Income tax expense	<u>73,232</u>	<u>62,776</u>
Net income	<u>87,003</u>	<u>119,186</u>
Attributable to:		
Owners of the parent	64,292	93,995
Non-controlling interests	<u>22,711</u>	<u>25,191</u>
	<u>87,003</u>	<u>119,186</u>
Earnings per share/ADRs		
Basic - net income attributable to owners of the parent	€ 0.38	€ 0.63
Diluted - net income attributable to owners of the parent	€ 0.38	€ 0.63

LOTTOMATICA GROUP AND SUBSIDIARIES
INTERIM CONSOLIDATED INCOME STATEMENTS

	<u>For the three months ended June 30</u>	
	<u>2010</u>	<u>2009</u>
<i>(thousands of euros)</i>	<i>Unaudited</i>	
Service revenue	525,533	485,828
Product sales	48,986	30,575
Total revenue	574,519	516,403
Raw materials, services and other costs	282,905	242,993
Personnel	116,047	103,096
Depreciation	60,976	60,426
Amortization	25,030	23,711
Impairment loss	2,148	57
Capitalization of internal construction costs - labor and overhead	(22,985)	(19,982)
Total costs	464,121	410,301
Operating income	110,398	106,102
Interest income	806	864
Equity loss	(104)	(760)
Other income	353	307
Other expense	(1,595)	(852)
Foreign exchange gain (loss), net	15,488	(12,025)
Interest expense	(42,523)	(36,034)
	<u>(27,575)</u>	<u>(48,500)</u>
Income before income tax expense	82,823	57,602
Income tax expense	37,158	24,225
Net income	45,665	33,377
Attributable to:		
Owners of the parent	34,853	22,098
Non-controlling interests	10,812	11,279
	<u>45,665</u>	<u>33,377</u>
Earnings per share/ADRs		
Basic - net income attributable to owners of the parent	€ 0.21	€ 0.15
Diluted - net income attributable to owners of the parent	€ 0.21	€ 0.15

LOTTOMATICA GROUP AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the six months ended June 30	
	2010	2009
	<i>Unaudited</i>	
<i>(thousands of euros)</i>		
Operating activities		
Income before income tax expense	160,235	181,962
Non-cash adjustments to reconcile income before income tax expense to net cash flows		
Depreciation	118,156	120,134
Intangibles amortization	46,759	48,488
Other amortization	-	(100)
Impairment loss	2,148	57
Interest income	(1,513)	(1,812)
Interest expense	83,781	78,130
Non-cash foreign exchange (gain) loss	(17,051)	555
Share-based payment expense (contra-expense)	2,031	(2,119)
Other non-cash items	(2,984)	2,434
Income tax paid	(13,558)	(56,045)
Cash flows before changes in operating assets and liabilities	378,004	371,684
Changes in operating assets and liabilities:		
Inventories	(10,383)	(6,333)
Trade and other receivables	149,554	97,414
Current financial assets	9,275	4,194
Accounts payable	(110,707)	(102,208)
Accrued expenses	9,655	(1,683)
Advance payments from customers	(6,500)	(14,333)
Employee compensation	(16,098)	1,648
Taxes other than income taxes	6,854	(7,493)
Other assets and liabilities	(3,971)	(157)
Net cash flows from operating activities	405,683	342,733
Investing activities		
Purchases of intangible assets	(526,969)	(9,539)
Purchases of systems, equipment and other assets related to contracts	(121,218)	(82,056)
Medströms Invest AB put right payment	(20,415)	-
Investment in government securities	(18,537)	-
Other investments	(9,761)	(3,597)
Acquisitions	(8,269)	(20,500)
Acquisitions - cash acquired	9	31
Purchases of property, plant and equipment	(5,651)	(10,605)
Interest received	1,392	1,751
Realized gain on net investment hedge	7,912	-
Toto Carovigno S.p.A. advance and escrow refund	-	4,621
Loans receivable, net of repayments	-	(2,315)
Other	1,730	(4,409)
Net cash flows used in investing activities	(699,777)	(126,618)
Financing activities		
Dividends paid	(124,815)	(100,940)
Interest paid	(106,270)	(105,868)
Dividends paid - non-controlling interests	(45,638)	(43,560)
Principal payments on long-term debt	(2,007)	(52,529)
Proceeds from issuance of long-term debt	6,280	78,743
Net proceeds from (repayment of) short-term borrowings	24,837	(36,506)
Capital increase - non-controlling interests	187,200	-
Other	(6,039)	(236)
Net cash flows used in financing activities	(66,452)	(260,896)
Net decrease in cash and cash equivalents	(360,546)	(44,781)
Effect of exchange rate changes on cash	444	1,570
Cash and cash equivalents at the beginning of the period	469,335	109,274
Cash and cash equivalents at the end of the period	109,233	66,063