



**PRESS RELEASE**

**LOTTOMATICA GROUP ANNOUNCES RESULTS FOR THE  
THREE AND NINE-MONTH PERIODS ENDED  
SEPTEMBER 30, 2010, AND APPROVES REFINANCING PLAN**

**Consolidated Financial Highlights and New Developments**

- **Q3 Revenues and EBITDA up 12% and 20%, respectively, versus the same period last year**
- **Q3 Operating Income up 33% versus 3Q 2009**
- **Board approves refinancing plan for execution within 1Q 2011, and monetization of 12.5% stake in Scratch & Win**

**Lottomatica Group Three and Nine-Month Results Comparison**

<b>Consolidated Income Statement (€/M)</b>	<b>3Q 2010</b>	<b>3Q 2009</b>	<b>% chg</b>	<b>9M 2010</b>	<b>9M 2009</b>	<b>% chg</b>
Revenues	552.2	493.5	11.9	1,671.4	1,592.2	5.0
EBITDA	199.7	165.9	20.4	597.0	596.4	0.1
Operating Income	111.6	84.2	32.5	340.1	345.5	(1.6)
Net Income (Loss) Attributable to Parent	(13.2)	13.2	--	51.1	107.2	(52.3)

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), November 15, 2010 – Lottomatica Group S.p.A. Board of Directors, chaired by Mr. Lorenzo Pelliccioli, today reviewed both the third-quarter and nine-month results, and approved the interim consolidated financial statements for the first nine months of 2010, which ended September 30, 2010.

The Board also approved a plan to refinance within the first quarter of 2011 approximately €1.9 billion of committed bank facilities that mature in 2012, together with the monetization of a 12.5% stake from Lottomatica's 64% ownership in the Italian Scratch & Win business. The refinancing will be completed through a combination of bank debt and capital market transactions that will strengthen the Group's balance sheet and support its investment grade credit ratings.

**Marco Sala, CEO of Lottomatica Group, said,** "Lottomatica Group's performance in the third quarter was encouraging. Italian operations have resumed a solid growth pattern. Our strategy to diversify revenues in the Italian market is paying dividends. GTECH enjoyed significant commercial success, winning an intense competition for a first-ever Private Manager bid in the United States and concluding a major rebid cycle. Our outlook for the next three years has been significantly improved by these developments. Given the Group's

successes, it is an advantageous time to restructure the Group's finances to create greater flexibility for the future."

"The decisions taken today by the Lottomatica Group Board are a further indication of our commitment to maintaining an investment grade credit rating," said **Stefano Bortoli, CFO of Lottomatica Group**. "Our goal is to improve our capital structure by extending the average life of our debt and further diversifying lending sources to reduce our U.S. dollar exposure. With the announced monetization of a minority stake of the Scratch & Win license, we expect that our year-end Net Financial Position will be consistent with the higher end of the range of our previously-announced guidance, based on a 1.40 USD/EUR exchange rate."

For the third quarter ended September 30, 2010, **Revenues** totaled €552.2 million, compared to €493.5 million in the third quarter of 2009, up 11.9%.

(€/M)	3Q 2010	3Q 2009	% chg
Service Revenues	513.2	462.5	11.0
Product Sales	39.0	31.0	25.6
<b>Total</b>	<b>552.2</b>	<b>493.5</b>	<b>11.9</b>

**EBITDA** was €199.7 million in the third quarter of 2010, up 20.4% compared to €165.9 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, and, to a lesser extent, by the weakening of the Euro against the U.S. dollar.

**Operating Income** was €111.6 million in the third quarter of 2010, compared to €84.2 million in the same period last year, up 32.5%. Depreciation was slightly higher in the third quarter of 2010 compared to 2009. Amortization of the €800 million of up-front payments for the new Scratch & Win license will begin in the fourth quarter of 2010.

**Net result, attributable to the parent**, was a €13.2 million loss for the quarter ended September 30, 2010, compared to net income of €13.2 million in the third quarter of 2009.

As part of the Group's strategy to balance its debt portfolio, from time to time, the Group enters into hedge contracts. Beginning in May 2010, the Group entered into option structures – expiring at varying dates between December 2010 and March 2011 – on a portion of the U.S. dollar denominated debt equivalent to approximately €600 million. In accordance with accepted accounting practices [IFRS] these hedging contracts resulted in a year-to-date unrealized foreign exchange loss of €55.4 million. In the third quarter of 2010, the Group recorded unrealized foreign exchange losses of €71.0 million, related to these hedging contracts.

Over the past three years, including the actions the Group proposed today, the Group will have converted USD 1.7 billion of debt at an average USD/EUR exchange rate of 1.37.

Net **Cash Flows** from Operating Activities generated €121.9 million in the third quarter of 2010, compared to €109.2 million in the third quarter of 2009, up 11.6%.

During the quarter, **Investing Activities** totaled €74.2 million, compared to €105.2 million in the same period last year.

At September 30, 2010, Consolidated Shareholders' Equity totaled €2.1 billion. Lottomatica Group had a **Net Financial Position** (NFP) of €2.92 billion, compared to €2.42 billion as of December 31, 2009. The change in NFP was principally due to the partial payment for the Italian Scratch & Win license.

## Revenues by Segment

Group Revenues (€/M)	3Q 2010	3Q 2009	Increase /Decrease	% chg
Italian Operations	296.2	258.3	37.9	14.7
GTECH Lottery	202.2	184.0	18.2	9.9
Gaming Solutions	59.8	34.6	25.2	72.8
GTECH G2	17.1	17.8	(0.7)	(4.3)
<b>Subtotal</b>	<b>575.3</b>	<b>494.7</b>	<b>80.6</b>	<b>16.3</b>
Eliminations/Other	(23.1)	(1.2)	(21.9)	--
<b>Total</b>	<b>552.2</b>	<b>493.5</b>	<b>58.7</b>	<b>11.9</b>

### Italian Operations

Total revenues from Italian operations grew 14.7% to €296.2 million, from €258.3 million in the third quarter of 2009. Instant-ticket wagers were approximately €2.1 billion in the third quarter of 2010, comparable to the same period last year. To further drive sales, a new €5 ticket was introduced in the quarter, as well as a new €10 ticket in early October, the sales of which are encouraging. Approximately 561 million Scratch & Win tickets were sold in the third quarter of this year, with an average price point of €3.82.

Lotto wagers decreased to €1.3 billion, from €1.4 billion in the third quarter of last year, due to lower core wagers and wagers for late numbers. Lotto wagers declined by 7.8% in the third quarter of 2010, compared to a 15.8% decrease in the first half of the year. The improvement was primarily due to more favorable late numbers patterns and Lotto's optional game, "10eLotto," which is gaining playing acceptance and represents a major step in Lottomatica's product innovation strategy in Italy.

Wagers from sports betting in Italy, including pool games, totaled €173.3 million in the third quarter of 2010, compared to €189.3 million in the third quarter of last year. Sports betting revenue grew to €49.0 million versus €24.6 million in the same period last year. Wagers and revenue performance were attributable to a lower payout percentage during the three months ended September 30, 2010 compared to the third quarter of 2009. As of September 30, 2010, approximately 1,200 fixed odds sports-betting and 500 sports pool point-of-sale locations were operational.

Machine gaming wagers were €1.1 billion in the third quarter of 2010, up 27.9% over the third quarter of 2009. In terms of the number of connected machines, Lottomatica is the second largest operator in the Italian market. During the third quarter of 2010, Lottomatica Videolot Rete and SPIELO Manufacturing installed the first video lottery terminals (VLTs) in the new Italian Comma 6B VLT market.

Wagers from the Interactive segment totaled €100.5 million, up 26.1% versus the third quarter of 2009.

### GTECH Lottery

Total GTECH lottery revenues for the third quarter of 2010 grew 9.9% over the same period last year to €202.2 million. Service revenue grew 6.4% to €185.6 million, when compared to the third quarter of 2009, primarily due to fluctuations in foreign currency. Product sale revenues grew to €16.6 million from €9.6 million in the same period last year.

During the third quarter of 2010, GTECH, as part of the Northstar Lottery Group, was awarded the 10-year private management agreement by the Illinois Lottery. GTECH expects the new contract to be signed in the next several weeks, assuming the current protests are unsuccessful.

GTECH was also awarded new lottery contracts with customers in Poland, Malaysia, Switzerland, and Nebraska. After the close of the quarter, GTECH signed contract extensions with lotteries in Florida and Mexico, as well as a new contract in France. Moreover, GTECH successfully completed complex system conversions for both the New York and New Jersey lotteries in the third quarter of 2010.

### **Gaming Solutions**

Third-quarter revenues in the Gaming Solutions segment, when compared to the same period last year, were up 72.8% to €59.8 million. Product sale revenue in the quarter grew to €43.8 million, an increase of €23.1 million versus the third quarter of 2009, principally due to intersegment sales of VLTs of approximately €21 million to Lottomatica.

In the third quarter of 2010, SPIELO was awarded a VLT central system contract by Loto Quebec and was named one of two vendors to replace Loto Quebec's current network of 12,000 VLTs. In addition to collaborating with Videolot Rete, SPIELO continues to work with Gamenet, a leading gaming machine concessionaire in Italy, to provide end-to-end VLT solutions in additional locations throughout the country.

### **GTECH G2**

Third-quarter revenue contributions from GTECH G2 were €17.1 million, down 4.3% versus 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. For example, GTECH G2 will launch the Canadian Poker Network with three WLA lotteries in Canada. In addition, GTECH G2 launched Tote Horse Racing for EurosportBET in France based on GTECH G2's proprietary MarginMaker™ solution.

### **Additional Information: First Nine-Month Results Revenue Comparison**

#### **Revenues by Segment**

<b>Group Revenues (€/M)</b>	<b>9M 2010</b>	<b>9M 2009</b>	<b>Increase /Decrease</b>	<b>% chg</b>
Italian Operations	888.1	853.5	34.6	4.1
GTECH Lottery	625.6	591.1	34.5	5.8
Gaming Solutions	129.5	99.3	30.2	30.3
GTECH G2	53.8	52.3	1.5	2.8
<b>Subtotal</b>	<b>1,697.0</b>	<b>1,596.2</b>	<b>100.8</b>	<b>6.3</b>
Eliminations/Other	(25.6)	(4.0)	(21.6)	--
<b>Total</b>	<b>1,671.4</b>	<b>1,592.2</b>	<b>79.2</b>	<b>5.0</b>

For the nine-month period ended September 30, 2010, **Revenues** increased across all business segments. Revenues totaled €1.67 billion, compared to €1.59 billion in the first nine months of 2009, up 5.0%.

**EBITDA** increased slightly in the first nine months of 2010 to €597.0 million versus €596.4 million in the same period last year. The increase in EBITDA was driven by higher revenues and profits from Sports Betting and Machine Gaming in Italy, the impact of cost-reduction initiatives taken by GTECH in the fourth quarter of 2009 and by Italian operations during 2010, as well as the weakening of the Euro against the U.S. dollar. These improvements were partially offset by Lotto performance in Italy and the impact of contract portfolio changes in the U.S.

**Operating Income** was €340.1 million in the first nine months of 2010, compared to €345.5 million in the same period last year.

**Net income, attributable to the parent**, was €51.1 million for the nine months ended September 30, 2010, compared to €107.2 million in the first nine months of 2009.

In the first nine months of 2010, the Group recorded €55.1 million of foreign exchange losses, principally associated with mark to market losses on option structures which hedge a portion of the U.S. dollar denominated debt. On a comparative basis, foreign exchange losses in the first nine months of last year were €11.5 million.

Net **Cash Flows** from Operating Activities generated €527.6 million in the first nine months of 2010, compared to €451.9 million in the first nine months of 2009.

Total revenues from Italian operations were approximately €888.1 million in the first nine months of 2010, compared to €853.5 million in the first nine months of 2009, up 4.1%. Lottery revenues from Italian operations totaled €484.0 million, compared to €523.7 million in the same period last year. The decline in lottery revenues was due to the corresponding decline in Lotto wagers, due in part to unfavorable patterns of late-numbers. Lotto wagers for the first nine months were €3.7 billion, compared to €4.2 billion last year, while instant-ticket wagers were approximately €7.0 billion in the first nine months of 2010, compared to €7.1 billion in the same period last year.

Wagers from sports betting in Italy increased 6.5% to €733.3 million in the first nine months of 2010, from €688.5 million in the same period last year, driven by the World Soccer Cup event. Gaming machine wagers also grew from €2.9 billion to €3.4 billion, up 13.8% versus the same period in 2009.

Wagers from the Interactive segment totaled €306.1 million, up 26.7% versus the first nine months of 2009.

Total GTECH lottery revenues for the first nine months of 2010 grew 5.8% over the same period last year to €625.6 million. Service revenue grew 5.4% to €575.3 million, when compared to the first nine months of 2009. Product sale revenues totaled €50.3 million for the first nine months of 2010, up 10.8% versus the same period last year.

First nine-month revenues for Gaming Solutions were €129.5 million, up 30.3% versus the same period last year.

Revenue contributions from GTECH G2 in the nine-month period ended September 30, 2010 were approximately €53.8 million, up 2.8% versus the prior year.

The interim consolidated financial statements for the first nine months of 2010 are available to the public at Lottomatica's headquarters and at Borsa Italiana, as well on Lottomatica's website, [www.lottomaticagroup.com](http://www.lottomaticagroup.com), in the "Investor Relations" section.

### **Multi-Step Financing Plan**

Lottomatica Group S.p.A.'s Board of Directors today approved a multi-step financing plan to be finalized within the first quarter of 2011. The plan will be executed through a combination of capital market transactions and bank debt. The plan is designed to strengthen the Group's balance sheet and capital structure, support its investment grade credit rating, extend the average life of the Group's debt, diversify borrowing sources, and reduce the Group's U.S. dollar exposure. The Board has authorized Lottomatica Group's Chairman, CEO and the General Manager to define the timing, amount, and terms and conditions of each and any bond to be issued and bank facility to be entered into. The proceeds of the capital market transactions will be used to refinance a portion of the existing debt of the Group, and for general corporate purposes.

Upon completion of the envisaged transactions, the Group intends to entirely refinance the GTECH U.S. \$2,160 million Senior Credit Facility (SCF) and the Lottomatica €300 million Revolving Facility, both expiring in 2012. As of September 30, borrowings under the GTECH SCF amounted to U.S. \$1,741 million, while Lottomatica's revolver was entirely undrawn.

The Group expects that, upon refinancing, Moody's Investor Services and Standard and Poor's will confirm their respective Baa3 and BBB- corporate credit ratings of Lottomatica Group.

### **Senior Bond**

The Board of Directors approved the issuance of a senior unsecured non convertible bond, reserved to qualified investors, outside the United States, up to a maximum amount of €500 million. The Eurobond is expected to be listed on the Luxembourg stock exchange, Euro MTF.

### **Hybrid Securities**

The Board also approved the issuance of a 60-year hybrid subordinated bond, reserved to qualified investors, outside the United States, up to a maximum amount of €300 million. The hybrid bond is expected to be listed on the Luxembourg stock exchange, Euro MTF.

### **Bank Facility**

The Board has authorized the Chairman, CEO and General Manager to negotiate and enter into a new committed five-year senior unsecured credit facility agreement including a U.S. \$700 million term loan and €900 million multicurrency revolving credit facilities with a syndicate of international banks. The new facilities will be used for general corporate purposes, including the permanent repayment of any outstanding amount under the bank facilities that mature in 2012.

### **Scratch & Win Transaction**

The Board of Directors also resolved to accept the binding offer received today from UniCredit Group to invest before year-end a total amount of €100 million in the Italian Scratch & Win business run by Lottomatica's 64%-owned subsidiary Lotterie Nazionali. Following completion of this investment, UniCredit Group will hold ordinary and preference shares in a company controlled by Lottomatica, which in turn will own a 43.8% stake in Lotterie Nazionali. Lottomatica will retain control of Lotterie Nazionali, through direct and indirect ownership. Starting from 2014, Lottomatica will have a call option over the common and preferred shares which will constitute UniCredit Group's investment.

### **Amendment to By-laws**

The Board also approved mandatory amendments to the bylaws to comply with new rules introduced through Legislative Decree no.27/2010. This Decree implemented the Shareholders' Rights Directive in Italy which encourages the participation of shareholders in general meetings of listed companies. Such mandatory amendments fall under the jurisdiction of the Board of Directors, as mandated by law and the Company's bylaws, which only require the adaptation of the bylaws to reflect the regulatory changes introduced by Legislative Decree no. 27/2010. The revised version of the bylaws may be found on the Company's website [www.lottomaticagroup.com](http://www.lottomaticagroup.com), in section Governance - Documents and reports – Company Bylaws, and will also be available to the public at the Company's registered office and at the offices of Borsa Italiana S.p.A. pursuant to applicable law and regulations.

### **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.*

*This announcement is not an offer for sale of the notes or the securities in the United States or in any other jurisdiction. The notes and the securities will not be, and have not been, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and may not be sold in the United States absent registration or pursuant to an exemption from registration under the Securities Act.*

*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.*

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This press release and earlier ones are available on Lottomatica Group and GTECH websites:  
[www.lottomaticagroup.com](http://www.lottomaticagroup.com) - [www.gtech.com](http://www.gtech.com)

Lottomatica Group Consolidated Financial Statements to follow:

*Lottomatica Group Consolidated Income Statements nine months ended September 30, 2010 and 2009*

*Lottomatica Group Consolidated Income Statements three months ended September 30, 2010 and 2009*

*Lottomatica Group Consolidated Statements of Financial Position as of September 30, 2010 and December 31, 2009*

*Lottomatica Group Consolidated Cash Flow Statements for the periods ended September 30, 2010 and September 30, 2009*

**LOTTOMATICA GROUP AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED INCOME STATEMENTS**

	For the nine months ended September 30	
	2010	2009
	<i>Unaudited</i>	
<i>(thousands of euros)</i>		
Service revenue	1.558.647	1.489.785
Product sales	112.741	102.404
<b>Total revenue</b>	<b>1.671.388</b>	<b>1.592.189</b>
Raw materials, services and other costs	805.751	739.931
Personnel	334.925	317.143
Depreciation	180.653	178.354
Amortization	71.176	70.158
Impairment loss	2.148	57
Capitalization of internal construction costs - labor and overhead	(63.368)	(58.983)
<b>Total costs</b>	<b>1.331.285</b>	<b>1.246.660</b>
<b>Operating income</b>	<b>340.103</b>	<b>345.529</b>
Interest income	2.032	2.615
Equity loss	(228)	(1.480)
Other income	1.356	1.070
Other expense	(4.979)	(4.375)
Foreign exchange loss, net	(55.122)	(11.481)
Interest expense	(126.397)	(113.409)
	<u>(183.338)</u>	<u>(127.060)</u>
<b>Income before income tax expense</b>	<b>156.765</b>	<b>218.469</b>
Income tax expense	72.269	75.371
<b>Net income</b>	<b>84.496</b>	<b>143.098</b>
Attributable to:		
Owners of the parent	51.100	107.198
Non-controlling interests	33.396	35.900
	<u>84.496</u>	<u>143.098</u>
<b>Earnings per share/ADRs</b>		
Basic - net income attributable to owners of the parent	€ 0,30	€ 0,72
Diluted - net income attributable to owners of the parent	€ 0,30	€ 0,72

**LOTTOMATICA GROUP AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED INCOME STATEMENTS**

	For the three months ended September 30	
	2010	2009
	<i>Unaudited</i>	
<i>(thousands of euros)</i>		
Service revenue	513.225	462.479
Product sales	38.996	31.060
<b>Total revenue</b>	<b>552.221</b>	<b>493.539</b>
Raw materials, services and other costs	264.966	248.972
Personnel	111.192	101.859
Depreciation	62.497	58.220
Amortization	24.417	21.770
Capitalization of internal construction costs - labor and overhead	(22.466)	(21.512)
<b>Total costs</b>	<b>440.606</b>	<b>409.309</b>
<b>Operating income</b>	<b>111.615</b>	<b>84.230</b>
Interest income	519	803
Equity loss	(23)	(447)
Other income	699	259
Other expense	(2.141)	(2.423)
Foreign exchange loss, net	(71.523)	(10.636)
Interest expense	(42.616)	(35.279)
	<u>(115.085)</u>	<u>(47.723)</u>
<b>Income (loss) before income tax expense</b>	<b>(3.470)</b>	<b>36.507</b>
Income tax expense (benefit)	(963)	12.595
<b>Net income (loss)</b>	<b><u>(2.507)</u></b>	<b><u>23.912</u></b>
Attributable to:		
Owners of the parent	(13.192)	13.203
Non-controlling interests	10.685	10.709
	<u>(2.507)</u>	<u>23.912</u>
<b>Earnings (loss) per share/ADRs</b>		
Basic - net income (loss) attributable to owners of the parent	€ (0,08)	€ 0,09
Diluted - net income (loss) attributable to owners of the parent	€ (0,08)	€ 0,09

**LOTTOMATICA GROUP AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

<i>(thousands of euros)</i>	September 30, 2010	December 31, 2009
	<i>Unaudited</i>	<i>Audited</i>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Systems, equipment and other assets related to contracts, net	846.645	774.558
Property, plant and equipment, net	89.997	88.522
Goodwill	3.142.818	3.006.783
Intangible assets, net	1.690.900	822.886
Investments in associates	221	443
Other non-current assets	22.285	22.692
Non-current financial assets	22.495	7.309
Deferred income taxes	2.611	6.030
<b>Total non-current assets</b>	<u>5.817.972</u>	<u>4.729.223</u>
<b>Current assets</b>		
Inventories	173.444	134.080
Trade and other receivables	689.740	791.803
Other current assets	71.633	61.577
Current financial assets	4.986	4.613
Income taxes receivable	41.864	8.068
Cash and cash equivalents	191.257	469.335
<b>Total current assets</b>	<u>1.172.924</u>	<u>1.469.476</u>
Non-current assets classified as held for sale	4.161	5.890
<b>TOTAL ASSETS</b>	<u><u>6.995.057</u></u>	<u><u>6.204.589</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Issued capital	172.015	172.015
Share premium	1.708.081	1.404.252
Treasury shares	(60.113)	(63.502)
Retained earnings (deficit)	(6.147)	66.807
Other reserves	75.723	258.162
	<u>1.889.559</u>	<u>1.837.734</u>
<b>Non-controlling interests</b>	<u>234.333</u>	<u>59.073</u>
<b>Total equity</b>	<u><u>2.123.892</u></u>	<u><u>1.896.807</u></u>
<b>Non-current liabilities</b>		
Long-term debt, less current portion	2.698.709	2.621.990
Deferred income taxes	134.486	134.127
Long-term provisions	20.466	22.970
Other non-current liabilities	52.009	55.184
Non-current financial liabilities	132.460	142.317
<b>Total non-current liabilities</b>	<u>3.038.130</u>	<u>2.976.588</u>
<b>Current liabilities</b>		
Accounts payable	874.494	905.677
Short-term borrowings	22.226	5.079
Other current liabilities	584.926	270.564
Current financial liabilities	124.633	59.885
Current portion of long-term debt	134.582	67.186
Short-term provisions	1.680	1.858
Income taxes payable	90.494	20.945
<b>Total current liabilities</b>	<u>1.833.035</u>	<u>1.331.194</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>6.995.057</u></u>	<u><u>6.204.589</u></u>

**LOTTOMATICA GROUP AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the nine months ended September 30	
	2010	2009
	<i>Unaudited</i>	
<i>(thousands of euros)</i>		
<b>Operating activities</b>		
Income before income tax expense	156.765	218.469
Non-cash adjustments to reconcile income before income tax expense to net cash flows		
Depreciation	180.653	178.354
Intangibles amortization	71.176	70.279
Other amortization	-	(121)
Impairment loss	2.148	57
Interest income	(2.032)	(2.615)
Interest expense	126.397	113.409
Non-cash foreign exchange loss	53.645	10.199
Share-based payment expense	2.634	122
Other non-cash items	(1.429)	3.821
Income tax paid	(71.820)	(83.122)
<b>Cash flows before changes in operating assets and liabilities</b>	<b>518.137</b>	<b>508.852</b>
Changes in operating assets and liabilities:		
Inventories	(45.105)	(7.956)
Trade and other receivables	91.874	(10.087)
Other current assets	(10.400)	(2.110)
Accounts payable	941	(36.679)
Accrued expenses	(24.017)	(1.816)
Advance payments from customers	(8.496)	(12.287)
Taxes other than income taxes	618	15.719
Current financial liabilities	21.982	7.209
Other assets and liabilities	(17.980)	(8.915)
<b>Net cash flows from operating activities</b>	<b>527.554</b>	<b>451.930</b>
<b>Investing activities</b>		
Purchases of intangible assets	(532.096)	(12.611)
Purchases of systems, equipment and other assets related to contracts	(190.638)	(169.476)
Medströms Invest AB put right payment	(20.415)	-
Acquisitions	(10.219)	(22.509)
Acquisitions - cash acquired	9	191
Other investments	(9.700)	(8.699)
Purchases of property, plant and equipment	(7.218)	(13.306)
Realized gain on net investment hedge	(6.271)	(4.623)
Dynamite Design and Marketing Limited contingent consideration	(1.006)	(1.507)
Interest received	1.885	2.479
Toto Carovigno S.p.A. advance and escrow refund	-	4.621
Loans receivable, net of repayments	-	(2.442)
Other	1.727	(3.980)
<b>Net cash flows used in investing activities</b>	<b>(773.942)</b>	<b>(231.862)</b>
<b>Financing activities</b>		
Dividends paid	(124.815)	(100.940)
Interest paid	(120.195)	(127.559)
Dividends paid - non-controlling interests	(45.638)	(43.560)
Principal payments on long-term debt	(2.550)	(53.619)
Net proceeds from short-term borrowings	17.225	53.246
Proceeds from issuance of long-term debt	59.800	101.810
Capital increase - non-controlling interests	187.502	-
Other	(7.301)	(1.254)
<b>Net cash flows used in financing activities</b>	<b>(35.972)</b>	<b>(171.876)</b>
Net increase (decrease) in cash and cash equivalents	(282.360)	48.192
Effect of exchange rate changes on cash	4.282	(9.390)
Cash and cash equivalents at the beginning of the period	469.335	109.274
<b>Cash and cash equivalents at the end of the period</b>	<b>191.257</b>	<b>148.076</b>