

GTECH HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS

| | (Unaudited) | |
|---|---|--------------------|
| | Six Months Ended | |
| | August 27, 2005 | August 28, 2004 |
| | (Dollars in thousands, except per share amounts) | |
| Revenues: | | |
| Services | \$ 557,705 | \$ 501,440 |
| Sales of products | <u>78,636</u> | <u>102,280</u> |
| | 636,341 | 603,720 |
| Costs and expenses: | | |
| Costs of services | 330,541 | 295,774 |
| Costs of sales | <u>46,348</u> | <u>59,791</u> |
| | <u>376,889</u> | <u>355,565</u> |
| Gross profit | 259,452 | 248,155 |
| Selling, general and administrative | 61,857 | 57,524 |
| Research and development | <u>24,181</u> | <u>25,734</u> |
| Operating expenses | <u>86,038</u> | <u>83,258</u> |
| Operating income | 173,414 | 164,897 |
| Other income (expense): | | |
| Interest income | 4,150 | 2,316 |
| Equity in earnings of unconsolidated affiliates | 2,318 | 1,599 |
| Other income (expense) | (2,432) | 8,601 |
| Interest expense | <u>(15,270)</u> | <u>(8,055)</u> |
| | <u>(11,234)</u> | <u>4,461</u> |
| Income before income taxes | 162,180 | 169,358 |
| Income taxes | <u>58,384</u> | <u>62,662</u> |
| Net income | <u>\$ 103,796</u> | <u>\$ 106,696</u> |
| Basic earnings per share | <u>\$ 0.88</u> | <u>\$ 0.91</u> |
| Diluted earnings per share | <u>\$ 0.80</u> | <u>\$ 0.80</u> |
| Weighted average shares outstanding - basic | <u>117,748</u> | <u>117,848</u> |
| Weighted average shares outstanding - diluted | <u>129,947</u> | <u>133,860</u> |
| Cash dividends declared per common share | <u>\$ 0.17</u> | <u>\$ 0.17</u> |