



**Ainsworth Game Technology Ltd**

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## **ASX Release**

**ASX Code: AGI**

### **Ainsworth Game Technology – Half Year Results**

Ainsworth Game Technology Limited (AGT) today announced a half year profit of \$3.4 million compared to a loss of \$4.2 million in the prior corresponding period in 2009. Improved trading performance in the current period resulted in a profit before financing costs of \$8.7 million compared to \$0.4 million in the corresponding period in 2009, a positive turnaround in trading performance of \$8.3 million.

Leading product performance, increased gross margins on new and premium products and continued cost control measures, together with a stronger domestic result, contributed to improved trading performance in the current period. Continued emphasis on investment in research and development will assist the ongoing release of new innovative product initiatives leveraging off the recent commercialisation of the A560 product family.

Sales revenue achieved for the six month period was \$43.9 million, an increase of 40% over the previous corresponding period. Domestic revenue increased 68% over the prior corresponding period. The improved domestic revenue was attributable to the successful launch of the A560 gaming machine and continued high yielding game performance of the Company's range of products.

International revenue achieved was \$8.5 million which was a decrease of 18% on the corresponding period in 2009. The Americas region contributed 78% of total international revenue, with the key North American market contributing a 10% increase over the prior corresponding 2009 period. While the significant revenue potential of the region continues to be depressed by difficult market conditions, continued investment should positively position the Company as market conditions improve.

Improved gross margins of 62% were achieved, compared to 55% in the previous period in 2009, reflecting higher selling prices on the Company's newly released A560 gaming machine, cost reductions and continued efficiencies in production processes.

Operating costs, excluding cost of sales, were \$18.7 million for the period compared to \$17.0 million in the previous corresponding period in 2009, an increase of 10%. This was primarily due to increased investment in research and development to commercialise the A560 product family and on new product strategies to ensure the Company continues to produce innovative and technologically advanced products.

The increase in domestic revenue and initiatives to minimise investment in working capital contributed to significant improvement in cashflows in the six month period, with net cash inflows from operating activities of \$7.0 million. This compares to cash inflows of \$10.6 million for the 12 month period ended 30 June 2010. The strong operating cashflows provided the Company with the ability in the current period to buy-back approximately 1.1 million Convertible Notes (ASX Code: AGIG).

Chief Executive Officer, Mr Gladstone said "The Company now has established clear product strategies and objectives and a highly capable executive team, which I expect to result in continuing improvement to the Company's financial results.

The planned establishment of an operating base and US head office in Las Vegas, Nevada, combined with a strong focus on product approvals, will support the expansion of business in the Americas and assist the achievement of future sustainable revenue growth as market conditions improve."

Mr Gladstone added "We are confident further product innovations in development will enable the Company to leverage off the recent successful launch of the A560 gaming product family and strengthen AGT's emerging reputation within global gaming markets."

Executive Chairman, Mr LH Ainsworth, said "I am pleased with the progress made in the first half of FY2011 and I am confident that the results for the second half of the 2011 financial year will see further financial improvement."

Further, the Company announced the appointment of Mr John Levee, subject to regulatory approvals, as an additional independent non-executive director, effective 24 February 2011. Mr Levee is an experienced Chartered Accountant with 33 years experience gained in private practice, where he has represented numerous high profile individuals, large corporations, clubs and associations.

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