Ainsworth Game Technology Limited
ABN 37 068 516 665
and its controlled entities

APPENDIX 4D

Half Year Report

Half Year Ended: 31 December 2013

Previous corresponding period: 31 December 2012

Results for announcement to the market

	Up / Down	% Change		Half Year ended 31/12/13 A$'000
Revenue	Up	26%	to	121,781
Profit before tax	Up	51%	to	45,595
Profit for the period attributable to equity holders of the parent	Up	62%	to	35,675

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	-¢	-¢
Interim dividend	5.0¢	-¢
Previous corresponding period	3.0¢	-¢

Record date for determining entitlements to the dividend	19 March 2014

Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

For further information refer "Review of Operations" section within the attached Directors' Report.

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	$0.63	$0.51

Ainsworth Game Technology Limited

ABN 37 068 516 665

31 DECEMBER 2013

INTERIM FINANCIAL REPORT

Contents

Ainsworth Game Technology Limited
31 December 2013 Interim Financial Report

Directors' report

The directors of Ainsworth Game Technology Limited (the "Company") present their report together with the consolidated financial statements of the Group comprising the Company and its subsidiaries for the six months ended 31 December 2013 and the auditor's review report thereon.

Directors

The directors of the Company at any time during or since the end of the interim period are:

Name	**Period of directorship**
Executive	
Mr Leonard H Ainsworth *Executive Chairman*	Director since 1995 (Executive Chairman since 2003)
Mr Daniel Gladstone *Executive Director and Chief Executive Officer*	Director since 2010
Non-executive	
Mr Graeme Campbell *Independent Non-Executive Director*	Director since 2007
Mr Michael Yates *Independent Non-Executive Director*	Director since 2009
Mr David Macintosh *Independent Non-Executive Director*	Director since 2013
Mr Colin Henson *Independent Non-Executive Director*	Director since 2013

Review of operations

Operating results

The profit after income tax for the six months ended 31 December 2013 was $35.7 million, an increase of 62% compared to $22.0 million in the corresponding period in 2012. Revenue for the period was $121.8 million, an increase of 26% on the prior corresponding period. This increase was achieved through an increase in product offerings and continued high product performance.

Included in this result was income tax expense of $9.9 million, an effective income tax rate of 22% compared to 27% in the previous corresponding period. The reduction in the rate is due to the deductibility of up front contributions paid on long term incentive plans and unrealised foreign exchange gains in the current period.

The profit before income tax for the six months ended 31 December 2013 was $45.6 million, an increase of 51%, which is consistent with guidance previously provided by the Group. This result included a $4.2 million unrealised foreign currency gain (H1 FY13: $1.6 million loss) due to the strengthening of the US dollar in the period.

Further investment in research and development, the on-going release of innovative product initiatives and new licensing submissions are expected to further assist in achieving market share gains in all established markets and to provide access to new markets in future periods.

Investment in the Group's Las Vegas operational facility in prior periods has provided the necessary support for the expected growth in international markets.

Directors' report (continued)

Review of operations (continued)

Revenue

Revenue for the period under review was $121.8 million, compared to $96.5 million for the corresponding period in 2012, an increase of 26%. Continued high product performance and release of additional product offerings is expected to provide an expanded product range to realise further revenue growth in all market segments.

Domestic revenue contributed $81.4 million (67% of total revenue) compared to $66.2 million in the previous corresponding period, an increase of 23%. The increase in domestic revenue was achieved due to continued market share gains in the core markets of New South Wales and Queensland, which contributed 73% of total domestic revenue (H1 FY13: 86%). Further market share gains continue as a result of the sustained leading product performance on the A560™ product range in these markets.

Revenue in Victoria was $17.7 million in the current period, an increase of 373% on the prior corresponding period and 36% ahead of the record result achieved in the second half of FY13. The result reflects previously implemented sales initiatives and strong product performance, which were achieved following the changes introduced within this market.

International revenue was $40.4 million compared to $30.3 million in the corresponding period in 2012, an increase of 33%.

The key market of North America achieved revenue of $20.6 million, which is similar to the previous corresponding period in 2012. The products displayed at the G2E Gaming Exhibition, including Reels of Wheels™, Magnificent Seven™ and the newly designed A560 SL ™ 32 inch cabinet were either not approved or only commercialised on a limited basis in North America during the current period. Additional opportunities in this market have crystalised since the reporting date following initial instalments of games and cabinet options.

South America delivered revenue of $13.8 million, an increase of 380% on the corresponding period in 2012. Strong product performance is providing greater awareness for the Group's gaming products and creating recurring revenue opportunities from both established and new customers.

Operating costs

Cost of sales in the period were $44.0 million compared to $31.2 million in the corresponding period in 2012. Gross margin achieved for the current period was 64%, compared to 66% for FY13 and 68% for the corresponding period in 2012. The decrease was primarily a result of the diversification of the Group's product offerings. Other factors which contributed to the overall decline in gross margins were greater contributions from premium and corporate customers, increased revenue in South America (34% of international revenue compared to 9% in prior corresponding period) at lower margins, new sales arrangements in core domestic markets to facilitate volume sales and transitional product costs incurred from the initial launch of new products.

Operating costs, excluding cost of sales and financing costs, were $38.0 million compared to $35.1 million in the corresponding period in 2012, an increase of 8.3%. As a percentage of revenue overhead costs fell from 36% to 31% in the current reporting period. The increase in operating expenditure was primarily attributable to increased variable selling costs on higher revenue, further investment within the Americas in order to position the Group for revenue growth and an increase in research and development expenditure.

Other expenses primarily relate to impairment charges on receivables within South America.

Net financing costs

Net financing income was $5.7 million compared to a $0.1 million cost in the corresponding period in 2012. Net foreign exchange gains in the current period were $4.2 million compared to a loss of $1.6 million in the corresponding period in 2012, a favourable variance of $5.8 million. Net interest income was $1.5 million in the current period, which is consistent with the previous corresponding period.

Directors’ report (continued)

Review of operations (continued)

Cashflow
Total cash held as at 31 December 2013 was $61.0 million compared to $41.1million in the prior corresponding period. The net cashflow in the current period was an increase of $20.7 million (H1 FY13: $18.2 million), which included a dividend payment of $16.1 million and an outflow of $11.0 million for property, plant and equipment, including $7.0 million for the land in Las Vegas and growth in products placed on a participation basis.

Cash inflows from operations for the current period were $29.0 million, compared to $12.0 million in the corresponding period in 2012 representing an increase of 142% in cash generated from operations over the previous corresponding period. Importantly this improved cashflow was achieved even after taking into account the timing of sales achieved in the latter part of the period and increased inventory holdings due to new products and machines on trial within the Americas.

Dividends

After the balance sheet date the following dividends were proposed by the directors. The dividends have not been provided and there are no income tax consequences.

	Cents per share	**Total amount $’000**	**Franked / unfranked**	**Date of payment**
Interim Ordinary	5.0 cents	$16,103	Unfranked	8 April 2014

The financial effect of these dividends has not been brought to account in the financial statements for the period ended 31 December 2013 and will be recognised in subsequent financial reports.

Events subsequent to reporting date

Other than the dividend disclosed above, there has not arisen in the interval between the end of the half year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Lead auditor’s independence declaration

The lead auditor’s independence declaration is set out on page 20 and forms part of the directors’ report for the six months ended 31 December 2013.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the condensed consolidated interim financial report and directors’ report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:

LH Ainsworth
Executive Chairman

Dated at Sydney this 24th day of February 2014.

Condensed consolidated statement of financial position

As at 31 December 2013
In thousands of AUD

	31-Dec-13	30-Jun-13
Current Assets		
Cash and cash equivalents	61,018	40,135
Receivables and other assets	86,043	106,394
Inventories	37,256	29,931
Prepayments	1,339	766
Total current assets	**185,656**	**177,226**
Non-current assets		
Receivables and other assets	21,514	22,042
Deferred tax assets	3,216	12,409
Property, plant and equipment	30,861	16,535
Intangible assets	19,428	17,864
Total non-current assets	**75,019**	**68,850**
Total assets	**260,675**	**246,076**
Current Liabilities		
Trade and other payables	22,436	27,641
Loans and borrowings	732	533
Employee benefits	9,584	9,830
Current tax liability	1,812	2,356
Provisions	516	248
Total current liabilities	**35,080**	**40,608**
Non-current liabilities		
Loans and borrowings	205	421
Employee benefits	683	629
Total non-current liabilities	**888**	**1,050**
Total liabilities	**35,968**	**41,658**
Net assets	**224,707**	**204,418**
Equity		
Share capital	182,297	182,290
Reserves	70,914	50,639
Accumulated losses	(28,504)	(28,511)
Total equity	**224,707**	**204,418**

The notes on pages 10 to 16 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of comprehensive income

For the six months ended 31 December 2013

In thousands of AUD

	31-Dec-13	31-Dec-12
Revenue	121,781	96,473
Cost of sales	(43,957)	(31,168)
Gross profit	**77,824**	**65,305**
Other income	132	113
Sales, service and marketing expenses	(14,990)	(15,912)
Research and development expenses	(12,107)	(10,814)
Administrative expenses	(10,415)	(6,607)
Other expenses	(522)	(1,812)
Results from operating activities	**39,922**	**30,273**
Finance income	5,750	1,568
Finance costs	(77)	(1,697)
Net finance income/(costs)	**5,673**	**(129)**
Profit before tax	**45,595**	**30,144**
Tax expense	(9,920)	(8,166)
Profit for the period	**35,675**	**21,978**
Other comprehensive income		
Foreign currency translation differences for foreign operations	106	(12)
Total other comprehensive income/(loss)	106	(12)
Total comprehensive income for the period	**35,781**	**21,966**
Earnings per share		
Basic earnings per share (AUD)	**$0.11**	**$0.07**
Diluted earnings per share (AUD)	**$0.11**	**$0.07**

The notes on pages 10 to 16 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity

For the six months ended 31 December 2013

in thousands of AUD

	Attributable to equity holders of the Company						
	Issued capital	Equity compensation reserve	Fair value reserve	Translation reserve	Profits reserve	Accumulated losses	Total equity
Balance at 1 July 2012	**182,242**	**1,021**	**9,684**	**24**	**-**	**(31,447)**	**161,524**
Total comprehensive income for the period							
Profit	-	-	-	-	-	21,978	-
Other comprehensive income							
Foreign currency translation reserve	-	-	-	(12)	-	-	(12)
Total other comprehensive income	-	-	-	(12)	-	-	(12)
Total comprehensive income for the period	-	-	-	(12)	-	21,978	(12)
Transactions with owners, recorded directly in equity							
Issue of ordinary shares on exercise of share options	26	-	-	-	-	-	26
Share-based payment transactions	-	123	-	-	-	-	123
Total transactions with owners	26	123	-	-	-	-	149
Balance at 31 December 2012	**182,268**	**1,144**	**9,684**	**12**	**-**	**(9,469)**	**183,639**
Balance at 1 July 2013 (refer Note below)	**182,290**	**1,228**	**9,684**	**117**	**39,610**	**(28,511)**	**204,418**
Total comprehensive income for the period							
Profit	-	-	-	-	-	35,675	35,675
Transfer between reserves	-	-	-	-	35,675	(35,675)	-
Other comprehensive income							-
Foreign currency translation reserve	-	-	-	106	-	-	106
Total other comprehensive income	-	-	-	106	-	-	106
Total comprehensive income for the period	-	-	-	106	35,675	-	35,781
Transactions with owners, recorded directly in equity							
Issue of ordinary shares on exercise of share options	7	-	-	-	-	-	7
Dividends to owners of the Company	-	-	-	-	(16,101)	-	(16,101)
Share-based payment transactions	-	602	-	-	-	-	602
Share based payment adjustment on non-vesting options	-	(7)	-	-	-	7	-
Total transactions with owners	7	595	-	-	(16,101)	7	(15,492)
Balance at 31 December 2013	**182,297**	**1,823**	**9,684**	**223**	**59,184**	**(28,504)**	**224,707**

NOTE: An amendment was made in relation to accumulated losses balance as at 1 July 2013 representing dividends paid of $9,661,000 being re-classified against profits reserve consistent with the face of the condensed consolidated statement of financial position.

The notes on pages 10 to 16 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of cash flows

For the six months ended 31 December 2013

In thousands of AUD

	31-Dec-13	31-Dec-12
Cash flows from operating activities		
Cash receipts from customers	130,483	86,031
Cash paid to suppliers and employees	(100,098)	(73,119)
Cash generated from operations	**30,385**	**12,912**
Income taxes paid	(1,362)	(6)
Borrowing costs paid	(38)	(876)
Net cash from operating activities	**28,985**	**12,030**
Cash flows from investing activities		
Proceeds from sale of equipment	-	6
Interest received	1,681	1,286
Acquisitions of property, plant and equipment	(11,045)	(3,440)
Redemption of call deposits	21,433	12,000
Development expenditure	(3,069)	(3,299)
Acquisition of other intangibles	(800)	-
Net cash from investing activities	**8,200**	**6,553**
Cash flows used in financing activities		
Proceeds from issue of ordinary shares	7	-
Re-purchase of convertible notes	-	(121)
Dividend paid	(16,101)	-
Payment of finance lease liabilities	(365)	(248)
Net cash used in financing activities	**(16,459)**	**(369)**
Net increase in cash and cash equivalents	**20,726**	**18,214**
Cash and cash equivalents at 1 July	40,135	22,928
Effect of exchange rate fluctuations on cash held	157	(31)
Cash and cash equivalents at 31 December	**61,018**	**41,111**

Note: Cash flows for the six months ended 31 December 2012 have been adjusted to reclassify $1,402 thousand from cash paid to suppliers and employees to acquisitions of property, plant and equipment, in order to reflect the actual nature of those cash flows.

The notes on pages 10 to 16 are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. Reporting entity

Ainsworth Game Technology Limited (the "Company") is a company domiciled in Australia. The condensed consolidated interim financial report of the Company as at and for the six months ended 31 December 2013 comprises the Company and its subsidiaries (together referred to as the "Group"). The Group primarily is involved in the design, development, manufacture, sale and servicing of gaming machines and other related equipment and services.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2013 is available upon request from the Company's registered office at 10 Holker Street, Newington, NSW, 2127 or at www.ainsworth.com.au.

2. Basis of preparation
Statement of compliance

The condensed consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, and with IAS34 Interim Financial Reporting.

The condensed consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2013. Certain comparative amounts have been re-classified to conform with the current period's presentation.

The condensed consolidated interim financial report was approved by the Board of Directors on 24 February 2014.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the consolidated interim financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Estimates

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2013.

3. Significant accounting policies

Except as described below, the accounting policies applied in these interim financials statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2013. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 30 June 2014.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013:

3. Significant accounting policies (continued)

AASB 10 *Consolidated Financial Statements* (2011) (see (a))
AASB 11 *Joint Arrangements* (see (b))
AASB 12 *Disclosure of Interests in Other Entities* (see (c))
AASB 13 *Fair Value Measurement* (see (d))
AASB 119 *Employee Benefits* (2011) (see (e))

The nature and the effect of the changes are further explained below.

(a) Consolidated financial statement (2011)

As a result of the adoption of AASB 10, the Group has changed its accounting policy with respect to determining whether it has control over and consequently whether it consolidates its investees. AASB 10 introduces a new control model that is applicable to all investees.

In accordance with the transitional provision of AASB 10, the Group re-assessed the control conclusion for its investees at 1 July 2013. As all the entities within the Group are wholly owned subsidiaries of the Company there has been no change to the entities consolidated by the Group, and thus no change to the financial statements as a result of applying the new standard.

The Group's revised accounting policy is as follows:

Basis of consolidation
Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(b) Joint Arrangements

The Group does not and did not have any joint arrangements in the current and previous reporting period. AASB 11 has therefore had no impact on the financial statements of the Group.

(c) Disclosure of interests in other entities

AASB 113 requires the Group to make certain disclosures regarding its interests in other entities. Other than interests in wholly owned subsidiaries, the Company and the Group do not have interests in any other entities. As such, and as the composition of the Group is consistent with that disclosed in the consolidated financial statements of the Group as at and for the year ended 30 June 2013, and as there are no restrictions on the ability of the entities within the group to access or use assets and settle liabilities of other entities within the Group, the standard has no material impact on the financial statements of the Group.

(d) Fair value measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required in interim financial statements for financial instruments; accordingly, the Group has included additional disclosures in this regard (see Note 10). In accordance with the transitional provisions of AASB 13, the Group has applied

3. Significant accounting policies (continued)

(e) Fair value measurement (continued)

the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

(f) Employee benefits

AASB 119 (2011) changes the definition of short-term and other long term employee benefits to clarify the distinction between the two. Upon adoption of AASB 119 (2011), the annual leave liability is classified as an other long-term employee benefit, resulting in a change in the recognition and measurement of the liability. The transitional provisions of AASB 119 require the changes to be applied retrospectively. The Group assessed the impact of the change on the measurement of the Group's prior period financial results and position and concluded that it was not material. As such, the Group has not restated the comparative information. The Group has applied the new recognition and measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no material impact on the measurements of the Group's assets and liabilities.

4. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2013.

Notes to the condensed consolidated interim financial statements

5. Operating segments

For the period ended 31 December 2013

In thousands of AUD	Australia NSW	Australia QLD	Australia VIC / TAS	Australia South Aust / N.T	Americas North America	Americas South America	Asia	New Zealand	Europe / Other	Total
Reportable segment revenue	36,999	22,673	18,196	3,545	20,600	13,828	2,677	2,841	422	121,781
Result										
Reportable segment profit	19,014	13,739	11,152	2,549	8,780	4,109	1,579	1,784	242	62,948
Interest revenue not allocated to segments										1,043
Interest expense										(77)
Foreign currency gain										4,203
R&D expenses										(12,107)
Corporate and administrative expenses										(10,415)
Profit before tax										45,595
Income tax expense										(9,920)
Net profit after tax										35,675

For the period ended 31 December 2012

In thousands of AUD	Australia NSW	Australia QLD	Australia VIC / TAS	Australia South Aust	Americas North America	Americas South America	Asia	New Zealand	Europe / Other	Total
Reportable segment revenue	34,733	22,526	6,360	2,534	21,586	2,880	3,073	2,009	772	96,473
Result										
Reportable segment profit	17,815	14,499	4,442	1,422	7,503	(1,121)	1,756	1,333	320	47,969
Interest revenue not allocated to segments										1,294
Interest expense										(74)
Foreign currency loss										(1,624)
R&D expenses										(10,814)
Corporate and administrative expenses										(6,607)
Profit before tax										30,144
Income tax expense										(8,166)
Net profit after tax										21,978

Note: The Company has updated the format of Operating Segments for period ending 31 December 2012 in line with the information the Chief Operating decision maker utilises to better measure the performance of the individual segments.

Notes to the condensed consolidated interim financial statements

6. Write-down of inventory

During the six months ended 31 December 2013 the write-down of inventories to net realisable value amounted to $34 thousand (six months ended 31 December 2012: $307 thousand). The write-down is included in cost of sales in the condensed consolidated statement of comprehensive income.

7. Impairment of trade receivables

During the six months ended 31 December 2013, the group realised impairment losses of $522 thousand (six months ended 31 December 2012: $1,812 thousand), included in other expenses, in the condensed consolidated statements of comprehensive income.

8. Income tax

Income tax benefit

As at 31 December 2013 deferred tax assets recognised were $3,216 thousand. Management consider it probable that future taxable profits will be available against which the deferred tax assets can be utilised.

Effective income tax rate

The Group's effective income tax rate in this current period was 22% compared to 27% in the previous corresponding period. The reduction in the rate is due to the deductibility of up front contributions paid on long term incentive plans and unrealised foreign exchange gains.

9. Property, plant and equipment

Acquisitions and disposals

During the six months ended 31 December 2013, the Group acquired assets with a cost of $11,045 thousand (six months ended 31 December 2012: $3,955 thousand) and recorded assets associated with gaming products under rental and participation arrangements with a cost of $7,133 thousand (six months ended 31 December 2012: $1,793 thousand). In addition $1,356 thousand (six months ended 31 December 2012: $82 thousand) gaming product assets were transferred to inventory after being returned or sold to customers.

Other assets with a carrying amount of $19 thousand were disposed of during the six months ended 31 December 2013 (six months ended 31 December 2012: $266 thousand) resulting in a loss on disposal of $4 thousand (six months ended 31 December 2012: $30 thousand profit), which is included in other expenses in the condensed consolidated statement of comprehensive income.

10. Financial instruments

The fair values of financial assets and financial liabilities, together with the carrying amounts in the condensed consolidated statement of financial position, are as follows:

In thousands of AUD

Carrying amounts versus fair values

	Carrying amount	Fair Value
31 December 2013		
Non-current financial assets		
Trade and other receivables	21,514	21,514
Non-current financial liabilities		
Loans and borrowings:		
- Finance lease liabilities	205	217

Notes to the condensed consolidated interim financial statements

11. Share-based payment arrangements

On 22 July 2013, the Company established a performance rights plan that entitles employees to exercise rights over ordinary shares in the Company. In accordance with this plan, holders of vested rights are entitled to purchase shares for no consideration.

The terms and conditions related to the performance rights plan are as follows; whereby all rights are to be settled by physical delivery of shares:

Grant date / employee entitled	Number of instruments	Contractual life of option
Option grant to key management personnel on 22 July 2013	360,199	5 years from grant date
Option grant to senior management and other employees on 22 July 2013	1,079,159	5 years from grant date
Total Options	**1,439,358**	

The vesting conditions of this plan are as follows :

50% of the total value of the performance rights vests on 1 September 2016, of which:

- 30% vest subject to the TSR target below with a fair value at grant date of $2.4349;
- 70% vest subject to the EPS target below with a fair value at grant date of $3.2375; and

The remaining 50% of the total value of the performance rights vest on 1 September 2017, of which:

- 30% vest subject to the TSR target below with a fair value at grant date of $2.3892;
- 70% vest subject to the EPS target below with a fair value at grant date of $3.1693.

Total Shareholder Return (TSR) Relative Targets

TSR Rank	Proportion of TSR rights that Vest
Less than 50% percentile	0%
50th percentile	50%
Between 50th and 75th percentile	Pro-rata (sliding scale) percentage
At or above 75th percentile	100%

The Comparison Group of Companies for the TSR hurdle is companies in the ASX 300 Index that have the same Consumer Services GICS industry sector as Ainsworth.

Earnings Per Share (EPS) Targets

EPS Achievement	Vesting Performance	Proportion of EPS rights that Vest
Less than 8.0% p.a.	0%	
8.0% p.a.	25%	25% plus 1.25% for each 0.1% increase in EPS
10% p.a.	50%	50% plus 2.0% for each 0.1% increase in EPS
12.5% p.a.	100%	

Notes to the condensed consolidated interim financial statements

12. Dividend paid

The Group declared a dividend of $0.05 per ordinary share in the current reporting period. The dividend was unfranked and was paid on 27 September 2013.

13. Loans and borrowings

The following loans and borrowings (current and non-current) were obtained and repaid during the six months ended 31 December 2013:

		Interest Rate		Face	Carrying	Year of
In thousands of AUD	**Currency**	**Nominal**	**Effective**	**Value**	**Amount**	**maturity**
Balance at 1 July 2013				1,017	954	
New/increased loans						
Insurance premium funding	AUD	2.4 – 8.0%	2.4 – 8.0%	464	450	2014
Repayments						
Finance lease liabilities	AUD	3.9 - 11.4%	3.9 – 11.4%	(396)	(365)	2014-2018
Insurance premium funding	AUD	2.4 – 8.0%	2.4 – 8.0%	(104)	(102)	2014
Balance at 31 December 2013				981	937	

14. Related parties

Transactions with key management personnel

Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and share-based payments awards. Key management personnel received total compensation of $1,806 thousand for the six months ended 31 December 2013 (six months ended 31 December 2012: $1,670 thousand).

Other related party transactions

	Transaction value Six months ended		Balance receivable/(payable)	
In thousands of AUD	31 Dec 13	31 Dec 12	31 Dec 13	30 Jun 13
Sale of goods				
Mr LH Ainsworth				
Company controlled by director/shareholder – sale of goods	365	806	374	6
Expenses				
Mr LH Ainsworth				
Companies controlled by director/shareholder – purchases and other charges	783	835	-	110

15. Subsequent events

After the reporting date, the Company has declared an unfranked dividend of 5 cents per share amounting to $16,103,000 with an expected payment date of 8 April 2014. The financial effect of this dividend has not been brought to account in the financial statements for the period ended 31 December 2013 and will be recognised in subsequent financial reports.

Ainsworth Game Technology Limited

Directors' declaration

In the opinion of the directors of Ainsworth Game Technology Limited ("the Company"):

1. the financial statements and notes set out on pages 6 to 16, are in accordance with the Corporations Act 2001 including:

    (a) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the six month period ended on that date; and

    (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

LH Ainsworth
Executive Chairman

Dated at Sydney this 24th day of February 2014.

Independent auditor's review report to the members of Ainsworth Game Technology Limited

Report on the financial report

We have reviewed the accompanying interim financial report of Ainsworth Game Technology Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2013, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the interim period ended on that date, notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2013 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Ainsworth Game Technology Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Independent auditor's review report to the members of Ainsworth Game Technology Limited (continued)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Ainsworth Game Technology Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the interim period ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Tony Nimac
Partner

Sydney

24 February 2014

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Ainsworth Game Technology Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2013 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Tony Nimac
Partner

Sydney

24 February 2014