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

APPENDIX 4D
Half Year Report
Half Year Ended: 31 December 2015

Previous corresponding period: 31 December 2014

Results for announcement to the market

	Up / Down	% Change		Half Year ended 31/12/15 A$'000
Revenue from ordinary activities	Up	27%	to	141,900
Profit from ordinary activities after tax	Down	4%	to	33,129
Profit for the period attributable to members	Down	4%	to	33,129

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

Record date for determining entitlements to the dividend	01 March 2016

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:

The Company has established a Dividend Reinvestment Plan ("DRP") subsequent to period end. Details of the DRP are included in Note 11 to the Half Year Report.

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	$0.84	$0.71

Ainsworth Game Technology Limited

ABN 37 068 516 665

31 DECEMBER 2015

INTERIM FINANCIAL REPORT

Contents

Ainsworth Game Technology Limited
31 December 2015 Interim Financial Report

Directors' report

The directors of Ainsworth Game Technology Limited (the "Company") present their report together with the condensed consolidated financial statements of the Group comprising the Company and its subsidiaries for the six months ended 31 December 2015 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 Colin Henson *Independent Non-Executive Director*	Director since 2013
Ms Heather Scheibenstock *Independent Non-Executive Director*	Director appointed 18 January 2016, subject to regulatory approval

Review of operations

Operating results

The Company today announced a net profit after tax of $33.1 million for the half year ended 31 December 2015, a decrease of 4% compared to $34.6 million in the previous corresponding period in FY2015. Results from operating activities for the period increased to $33.7 million, an increase of 14% on the previous corresponding period. This improvement in operating activities was a direct result of continued growth in international markets and validated previous initiatives undertaken to pursue international licences and growth in units under gaming operations.

The Group's performance for the current and previous corresponding period is set out below:

In millions of AUD	**6 months to 31 Dec 2015**	**6 months to 31 Dec 2014**	**Variance %**
Reported results			
Total segment revenue from ordinary activities	141.9	111.9	26.8%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	53.8	50.3	6.9%
Earnings before interest and tax (EBIT)	43.8	44.0	(0.5%)
Profit before income tax	44.8	45.5	(1.5%)
Profit after income tax	33.1	34.6	(4.3%)
Earnings per share (fully diluted)	10.3 cents	10.7 cents	-
Total dividends per share	5.0 cents	5.0 cents	-

Directors' report (continued)

Review of operations (continued)

Operating results (continued)

The earnings performance in the Americas, now represents 58% ($34.8 million) of total segment profit compared to 39% ($20.6 million) in the previous corresponding period. This assisted to offset the reduced segment profit contribution from Australia of $19.0 million (down from $28.5 million), which was adversely impacted by the product transition undertaken in the current period. Current development initiatives from the recently introduced A600™ gaming products have been implemented in the period, including structural changes within game design management departments. These changes and new product releases are expected to progressively and positively impact financial performance in coming periods within domestic markets whilst ensuring continued growth in international markets. The recent completion of the acquisition of Nova Technologies in January 2016 provides a solid foundation to grow revenue in the Class II gaming market and further positively impact financial performance within the Americas in future periods.

Included in the period's results was $9.8 million in unrealised foreign currency gains on balance sheet translations (H1 FY15: $14.3 million) and one-off costs of $0.6 million relating to the evaluation of investment opportunities. Profit after income tax was negatively impacted by an increase in the effective income tax rate to 26% compared to 24% in the previous corresponding period.

Review of principal businesses
Results in the current period and previous corresponding period are summarised as follows:

In millions of AUD	**6 months to 31 Dec 2015**	**6 months to 31 Dec 2014**	**Variance**	**Variance %**
Segment revenue				
Australia	50.3	53.5	(3.2)	(6.0%)
Americas	79.9	52.8	27.1	51.3%
Rest of World	11.7	5.6	6.1	108.9%
Total segment revenue	**141.9**	**111.9**	**30.0**	**26.8%**
Segment result				
Australia	19.0	28.5	(9.5)	(33.3%)
Americas	34.8	20.6	14.2	68.9%
Rest of World	6.3	3.4	2.9	85.3%
Total segment result	**60.1**	**52.5**	**7.6**	**14.5%**
Unallocated expenses				
Net foreign currency gains	9.8	14.3	(4.5)	(31.5%)
R&D expenses	(13.8)	(11.9)	(1.9)	16.0%
Corporate expenses	(10.7)	(8.3)	(2.4)	28.9%
Other expenses	(0.6)	(2.0)	1.4	(70.0%)
Total unallocated expenses	**(15.3)**	**(7.9)**	**(7.4)**	**93.7%**
Less : interest included in segment result	(1.0)	(0.6)	(0.4)	74.8%
EBIT	**43.8**	**44.0**	**(0.2)**	**(0.6%)**
Net interest	1.0	1.5	(0.5)	(30.1%)
Profit before income tax	**44.8**	**45.5**	**(0.7)**	**(1.5%)**
Income tax	(11.7)	(10.9)	(0.8)	7.3%
Profit after income tax	**33.1**	**34.6**	**(1.5)**	**(4.3%)**

Review of principal businesses (continued)

Key performance metrics	% of revenue		Variance
	6 months to 31 Dec 2015	6 months to 31 Dec 2014	Points
Segment result margin			
Australia	37.8	53.3	(15.5)
Americas	43.6	39.0	4.6
Rest of World	53.8	60.7	(6.9)
Segment result margin	**42.4**	**46.9**	**(4.5)**
R&D expense	9.7	10.6	(0.9)
Adjusted EBIT(1)	23.9	26.5	(2.6)
Adjusted profit before income tax (1)	24.7	27.9	(3.2)
Adjusted profit after income tax (1)	18.5	22.0	(3.5)
	%		**Variance**
Effective tax rate	26.1	24.0	2.1

(1) Excludes financial impact of net foreign currency gains of $9.8million (2014: $14.3million)

Revenue

Revenue for the period was $141.9 million, compared to $111.9 million for the previous corresponding period in FY2015, an increase of 27%. The continued growth in international revenue resulted in a contribution of 65% from these regions of total revenue, compared to 52% in the previous corresponding period.

Domestic revenue contributed $50.3 million (35% of total revenue) a decrease on the $53.5 million in the previous corresponding period. The reduction in domestic revenues reflects the challenging domestic market, competitor factors and the transitional impact of the commercialisation part way during the period of the A600™ product in core domestic markets of New South Wales and Queensland. The reduction in Victoria resulted from the changing regulatory environment including the previous introduction of gaming taxes and pre-commitment requirements. The A600™ product approval late in the period within Victoria had minimal financial effect on the financial results. Revenue in the core markets of New South Wales and Queensland showed initial positive signs from recent product development initiatives increasing revenue by 29% from the second half of FY15. Further product releases are expected to provide increased opportunities within all domestic markets in the second half of FY16 and beyond.

International revenue was $91.6 million compared to $58.4 million in the previous corresponding period, an increase of 57%. The key markets of the Americas now constitute 56% ($79.9 million) of total revenues, up from 47% ($52.8 million).

North America contributed $43.0 million in revenue, an increase of 42% on the previous corresponding period. Unit sales increased 20% to 1,340 units in the period. Continued strong performance within California combined with contributions from new markets in Idaho, Louisiana, Kansas, Missouri, Maryland and West Virginia contributed to the increase in revenue achieved.

Units under gaming operation within North America at period end were 1,445, an increase of 18% on the previous corresponding period. A slight reduction in yield on these units under gaming operation to US$30 per day was a direct result of strong performance of the Sweetzone™ range of titles, including Rumble Rumble™ and Flying Horse™ which Indian Tribes converted to sale.

Review of operations (continued)

Revenue (continued)
Latin America continued its strong performance achieving revenue of $36.9 million, an increase of 64% on the previous corresponding period. Unit sales of 1,398 grew by 29% in the period as well as increased revenue contributions from previously placed participation machines operating under revenue sharing models. Units under gaming operation at period end were 1,823, an increase of 71% (760 units) from the 1,063 at the previous corresponding period. Continued strong product performance of the Multi-Win range of products within this region was achieved in the period.

Mexico unit sales increased 42% on the previous corresponding period and contributed 43% of total Latin American unit sales, an increase on the 39% in the previous corresponding period. Continued interest and sales within Argentina, Peru, Colombia and Uruguay represented 39% of Latin American unit sales in the period.

Rest of the world encompassing Europe, Asia and New Zealand was ahead of PCP by $6.1 million (108%) and $2.8 million (31%) on second half FY15. The large sale to Sky City Auckland in the period assisted in this significant increase. Continued regulatory and challenging market conditions continue to impact contributions within Asia.

Operating costs
Cost of sales in the period were $57.1 million compared to $41.5 million in the previous corresponding period in 2015. Gross margin achieved for the current half year period was 60%, compared to 63% for first half FY15 and 64% for the previous corresponding period in 2014. 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 increased revenue from Latin America (40% of international revenue compared to 39% in previous 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 the A600™.

Operating costs, excluding cost of sales and financing costs, were $51.3 million compared to $41.0 million in the previous corresponding period in 2015, an increase of 24%. The increase in operating expenditure was primarily attributable to increased selling costs on increasing sales representation in new international markets and marketing activities, and one-off transaction costs incurred in evaluating strategic investment opportunities in the period.

Research and Development (R&D) expense in the period was $13.8 million, an increase of $1.8 million (15%) compared to the previous corresponding period. R&D expense represented 9.7% of revenue, a reduction from 10.6% in the corresponding period. Increased R&D activities in the period resulted from commercialisation of the A600™ in certain domestic markets whilst previous development expenses enabled the achievement of revenue growth within international regions.

Net financing income
Net financing income was $10.8 million compared to a $15.8 million income in the previous corresponding period in 2015. Net unrealised foreign exchange gains from balance sheet translations in the current period totalled $9.8 million compared to a gain of $14.3 million in the previous corresponding period, an unfavourable variance of $4.5 million. Net interest income was $1.0 million in the current period compared to $1.5 million in the previous corresponding period.

Cashflow
Total cash held as at 31 December 2015 was $17.9 million compared to $54.4 million at the previous corresponding period end. The net cashflow in the current 6 month period was a decrease of $23.9 million (H1 FY15: decrease of $18.1 million), which included a dividend payment of $16.1 million, acquisition of property, plant and equipment of $26.8 million and payments for investments of $2.0 million. Included in the $26.8 million PPE acquisition are construction costs on the US premises of $23.5 million.

Review of operations (continued)

Cashflow (continued)
Cash inflows from operations for the current period were $17.0 million, compared to $12.0 million in the previous corresponding period, an increase of 42%. Cash receipts for the period increased by 31% to $146.3 million due to a reduction in domestic receivables. Cashflow was impacted by the timing of sales activity in all markets primarily within the Latin American sales under extended credit terms and the commencement of income tax payments following utilisation of previously recorded tax losses.

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	$16,128	Franked	02/05/2016

The financial effect of these dividends has not been brought to account in the financial statements for the period ended 31 December 2015 and will be recognised in subsequent financial reports.

Events subsequent to reporting date

After the reporting date, the Company has declared a fully franked dividend of 5 cents per share amounting to $16,128,000 with an expected payment date of 2 May 2016. The financial effect of this dividend has not been brought to account in the financial statements for the period ended 31 December 2015 and will be recognised in subsequent financial reports.

On 15 January 2016, the Company completed the acquisition of privately-held Nova Technologies LLC ("Nova") at a purchase price of USD$38 million. This acquisition was funded through the A$90 million secured facility with the Australian and New Zealand Banking Group Limited, which replaced the current A$30 million unsecured facility. The purchase of Nova provides AGT with an immediate presence in the US Class II markets and an opportunity for growth within the Americas with an expanded library of products. The financial effect of this transaction has not been brought to account in the financial statements for the period ended 31 December 2015 as the acquisition had not been completed at this time.

Other than the dividend and acquisition 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 22 and forms part of the directors' report for the six months ended 31 December 2015.

Directors' report (continued)

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 23rd day of February 2016.

Condensed consolidated statement of financial position

As at 31 December 2015

In thousands of AUD

	Note	31-Dec-15	30-Jun-15
Assets			
Cash and cash equivalents		17,918	41,300
Receivables and other assets		117,865	110,722
Inventories		58,124	58,424
Prepayments		6,605	6,177
Current tax assets		1,109	-
Investments	9	-	4,557
Total current assets		**201,621**	**221,180**
Receivables and other assets		37,905	36,312
Deferred tax assets		1,715	2,771
Property, plant and equipment		86,909	55,279
Intangible assets		33,970	33,090
Equity-accounted investee	9	4,995	-
Total non-current assets		**165,494**	**127,452**
Total assets		**367,115**	**348,632**
Liabilites			
Trade and other payables		30,660	29,391
Loans and borrowings	12	489	175
Employee benefits		5,718	9,202
Current tax liability		3,978	12,960
Provisions		684	754
Total current liabilities		**41,529**	**52,482**
Loans and borrowings	12	16,541	9,250
Employee benefits		884	905
Deferred tax liabilities		7,624	5,508
Total non-current liabilities		**25,049**	**15,663**
Total liabilities		**66,578**	**68,145**
Net assets		**300,537**	**280,487**
Equity			
Share capital		182,411	182,360
Reserves		133,791	116,385
Accumulated losses		(15,665)	(18,258)
Total equity		**300,537**	**280,487**

The notes on pages 13 to 18 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of comprehensive income

For the six months ended 31 December 2015

In thousands of AUD

	31-Dec-15	31-Dec-14
Revenue	141,900	111,918
Cost of sales	(57,077)	(41,458)
Gross profit	**84,823**	**70,460**
Other income	250	248
Sales, service and marketing expenses	(25,007)	(18,179)
Research and development expenses	(13,757)	(11,949)
Administrative expenses	(10,667)	(8,299)
Other expenses	(1,896)	(2,622)
Results from operating activities	**33,746**	**29,659**
Finance income	10,869	15,853
Finance costs	(25)	(13)
Net finance income	**10,844**	**15,840**
Share of profit of equity accounted investee	206	-
Profit before tax	**44,796**	**45,499**
Income tax expense	(11,667)	(10,854)
Profit for the period	**33,129**	**34,645**
Other comprehensive income		
Items that may be reclassified to profit and loss:		
Foreign operations - foreign currency translation differences	1,584	3,539
Total other comprehensive income	**1,584**	**3,539**
Total comprehensive income for the period	**34,713**	**38,184**
Profit attributable to owners of the Company	**33,129**	**34,645**
Total comprehensive income attributable to the owners of the Company	**34,713**	**38,184**
Earnings per share:		
Basic earnings per share (AUD)	$0.10	$0.11
Diluted earnings per share (AUD)	$0.10	$0.11

The notes on pages 13 to 18 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 2015

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 2014	**182,327**	**2,426**	**9,684**	**401**	**61,980**	**(21,516)**	**235,302**
Total comprehensive income for the period							
Profit	-	-	-	-	-	34,645	34,645
Transfer between reserves					32,520	(32,520)	-
Other comprehensive income							
Foreign currency translation reserve	-	-	-	3,539	-	-	3,539
Total other comprehensive income	-	-	-	3,539	-	-	3,539
Total comprehensive income for the period	-	-	-	3,539	32,520	2,125	38,184
Transactions with owners, recorded directly in equity							
Issue of ordinary shares on exercise of share options	9	-	-	-	-	-	9
Dividends to owners of the Company	-	-	-	-	(16,110)	-	(16,110)
Share-based payment transactions	-	614	-	-	-	-	614
Total transactions with owners	9	614	-	-	(16,110)	-	(15,487)
Balance at 31 December 2014	**182,336**	**3,040**	**9,684**	**3,940**	**78,390**	**(19,391)**	**257,999**
Balance at 1 July 2015	**182,360**	**3,960**	**9,684**	**5,829**	**96,912**	**(18,258)**	**280,487**
Total comprehensive income for the period							
Profit	-	-	-	-	-	33,129	33,129
Transfer between reserves	-	-	-	-	30,536	(30,536)	-
Other comprehensive income							
Foreign currency translation reserve	-	-	-	1,584	-	-	1,584
Total other comprehensive income	-	-	-	1,584	-	-	1,584
Total comprehensive income for the period	-	-	-	1,584	30,536	2,593	34,713
Transactions with owners, recorded directly in equity							
Issue of ordinary shares on exercise of share options	51	-	-	-	-	-	51
Dividends to owners of the Company	-	-	-	-	(16,117)	-	(16,117)
Share-based payment transactions	-	1,403	-	-	-	-	1,403
Total transactions with owners	51	1,403	-	-	(16,117)	-	(14,663)
Balance at 31 December 2015	**182,411**	**5,363**	**9,684**	**7,413**	**111,331**	**(15,665)**	**300,537**

The notes on pages 13 to 18 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of cash flows

For the six months ended 31 December 2015

In thousands of AUD

	31-Dec-15	31-Dec-14
Cash flows from operating activities		
Cash receipts from customers	146,347	111,754
Cash paid to suppliers and employees	(111,355)	(98,006)
Cash generated from operations	**34,992**	**13,748**
Income taxes paid	(18,002)	(1,743)
Borrowing costs paid	(25)	(13)
Net cash from operating activities	**16,965**	**11,992**
Cash flows used in investing activities		
Proceeds from sale of equipment	4	-
Interest received	1,165	1,631
Acquisitions of property, plant and equipment	(26,828)	(4,390)
Acquisition of investment	(2,045)	(1,606)
Development expenditure	(4,039)	(3,942)
Acquisition of other intangibles	-	(5,551)
Net cash used in investing activities	**(31,743)**	**(13,858)**
Cash flows used in financing activities		
Proceeds from issue of ordinary shares	51	9
Proceeds from borrowings	14,626	-
Repayment of borrowings	(7,617)	-
Dividend paid	(16,117)	(16,110)
Payment of finance lease liabilities	(37)	(157)
Net cash used in financing activities	**(9,094)**	**(16,258)**
Net decrease in cash and cash equivalents	(23,872)	(18,124)
Cash and cash equivalents at 1 July	41,300	71,929
Effect of exchange rate fluctuations on cash held	490	597
Cash and cash equivalents at 31 December	**17,918**	**54,402**

The notes on pages 13 to 18 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. These condensed consolidated interim financial statements ("interim financial statements") as at and for the six months ended 31 December 2015 comprise 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 2015 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

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, and with IAS 34 Interim Financial Reporting.

These interim financial statements do not include all of the information required for a complete set of annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2015.

These interim financial statements were approved by the Board of Directors on 23 February 2016.

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 condensed consolidated interim financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Judgements and 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.

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 2015.

3. Significant accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 30 June 2015.

During this reporting period, the Group has reviewed and revised the estimate on the useful lives of capitalised development costs and adopted a new accounting policy; Interest in equity- accounted investee. This accounting policy has become applicable to the Group in this reporting period for the first time. The following depicts the changes in the Group's accounting policies and are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 30 June 2016:

Notes to the condensed consolidated interim financial statements

3. Significant accounting policies (continued)

Interest in equity-accounted investee

During this reporting period, the Group has entered into a joint venture arrangement. A joint venture is an arrangement in which the Group has joint control, and whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interest in a joint venture is accounted for using the equity method. It is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and Other Comprehensive Income ("OCI") of the equity-accounted investee, until the date on which significant influence or joint control ceases.

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 2015.

5. Operating segments

Information reported to the Group's Chief Executive Officer (CEO) for the purposes of resource allocation and assessment of performance is focused on the geographical location of customers of gaming machines. The primary geographical location of customers and therefore the Group's reportable segments under AASB 8 are outlined in the table on the following page.

The NSW and North and Latin America segments include the aggregation of the Group's other operating segments that are not separately reportable. Included in the NSW and North and Latin America segments are the results of the operating segments related to the servicing of gaming machines in those geographical regions. These operating segments are considered to have similar economic characteristics as the nature of the products and services is complementary and the nature of the regulatory environment and type of customer are consistent. Performance of each reportable segment is based on segment revenue and segment result as included in internal management reports that are reviewed by the Group's CEO. Segment result only takes into account directly attributable costs, which management believes is the most relevant approach in evaluating segment performance.

Notes to the condensed consolidated interim financial statements

5. Operating segments (continued)

For the six months ended 31 December 2015

In thousands of AUD	Australia NSW	Australia QLD	Australia VIC / TAS	Australia South Aust / N.T	Americas North America	Americas Latin America	Asia	New Zealand	Europe / Other	Total
Reportable segment revenue	27,170	11,974	9,953	1,193	42,969	36,916	2,715	7,480	1,530	141,900
Result										
Segment result	8,068	4,505	5,867	533	18,011	16,754	1,162	4,401	767	60,068
Interest revenue not allocated to segments										185
Interest expense										(267)
Foreign currency gain										9,796
R&D expenses										(13,757)
Corporate and administrative expenses										(10,667)
Other expenses not allocated to segments										(562)
Profit before tax										44,796
Income tax expense										(11,667)
Net profit after tax										33,129

For the six months ended 31 December 2014

In thousands of AUD	Australia NSW	Australia QLD	Australia VIC / TAS	Australia South Aust / N.T	Americas North America	Americas Latin America	Asia	New Zealand	Europe / Other	Total
Reportable segment revenue	26,950	12,868	11,488	2,215	30,229	22,542	3,008	1,818	800	111,918
Result										
Reportable segment profit	12,193	7,413	7,566	1,294	12,879	7,758	1,746	1,176	436	52,461
Interest revenue not allocated to segments										991
Interest expense										(13)
Foreign currency gain										14,304
R&D expenses										(11,949)
Corporate and administrative expenses										(8,299)
Other expenses not allocated to segments										(1,996)
Profit before tax										45,499
Income tax expense										(10,854)
Net profit after tax										34,645

Notes to the condensed consolidated interim financial statements

6. Write-down of inventory

During the six months ended 31 December 2015 the write-down of inventories to net realisable value amounted to Nil (six months ended 31 December 2014: $217 thousand). Write-downs of inventory are 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 2015, the Group recognised impairment losses of $581 thousand (six months ended 31 December 2014: $268 thousand), included in other expenses, in the condensed consolidated statement of comprehensive income.

8. Property, plant and equipment

Acquisitions and disposals

During the six months ended 31 December 2015, the Group capitalised assets with a cost of $38,680 thousand (six months ended 31 December 2014: $11,541 thousand). Included in the $38,680 thousand are assets with a cost of $10,890 thousand (six months ended 31 December 2014: $6,594 thousand) associated with gaming products under rental and participation arrangements. In addition $2,178 thousand (six months ended 31 December 2014: $1,178 thousand) gaming product assets were transferred to inventory after being returned or sold to customers.

Other assets with a carrying amount of $2 thousand were disposed of during the six months ended 31 December 2015 (six months ended 31 December 2014: $55 thousand) resulting in a net profit on disposal of $2 thousand (six months ended 31 December 2014: $51 thousand loss), which is included in other income in the condensed consolidated statement of comprehensive income.

9. Equity – accounted investee

On 4 August 2015, the Group converted its convertible note investment for a 40% interest in 616 Digital LLC ("616") resulting in a joint venture arrangement. The convertible note investment was previously recognised as a current investment asset. This conversion has resulted in a de-recognition of this current investment asset, followed by recognition of a non-current asset as an equity-accounted investee.

616 is an online social platform provider established in Delaware, USA and operates from Romania and Australia. This arrangement allows both parties to jointly progress development and marketing of social gaming offering on both desktop and mobile, leveraging the extensive game content library established for land based markets. An agreement has also been established where the Group has the ability to purchase the remaining 60% interest in 616 at a future date. The investment in equity accounted investee for the Group comprise the following:

In thousands of AUD	**Ownership 31 Dec 15**	**Ownership 30 Jun 15**	**Carrying amount 31 Dec 15**	**Carrying amount 30 Jun 15**
616 Digital LLC	40%	-	4,995	-

Notes to the condensed consolidated interim financial statements

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 2015		
Non-current financial assets		
Trade and other receivables	37,905	37,905
Non-current financial liabilities		
Loans and borrowings:		
Insurance premium funding	116	116
Loan drawdown	16,425	16,425

11. Dividends

The Group declared a dividend of $0.05 per ordinary share in the current reporting period. The dividend was fully franked and was paid on 26 September 2015.

The Directors propose that an interim dividend of 5 cents be paid on each eligible fully paid ordinary share on 2 May 2016. Eligible shares will be the fully paid ordinary shares held by all shareholders as at the Record Date of 1 March 2016 (except those held by shareholders residing outside Australia as determined by the Directors of the Company). The proposed 2016 interim dividend will be fully franked for Australian tax purposes.

The Company has implemented a Dividend Reinvestment Plan (DRP) that will operate in respect of the proposed 2016 interim dividend. For the 2016 interim dividend the Company intends to provide shares under the DRP. The “Acquisition Price” to be used in determining the number of shares to be provided under the DRP will be calculated by reference to the arithmetic average of the daily volume weighted average sale price of all fully paid ordinary shares sold in the ordinary course of trading on the ASX during the fifteen trading days commencing 3 March 2016 (less a 2.5% discount), and then rounded to the nearest whole cent. Shares provided under the DRP will rank equally in all aspects with existing fully paid ordinary shares. Election notices from shareholders wanting to commence, cease or vary their participation in the DRP for the 2016 interim dividend must be received by the company Share Registrar by 5:00pm (Australian Eastern Standard Time) on 24 March 2016.

12. Loans and borrowings

The following loans and borrowings (current and non-current) were obtained and repaid during the six months ended 31 December 2015:

In thousands of AUD	Currency	Nominal Interest Rate	Face Value	Carrying Amount	Year of Maturity
Balance at 1 July 2015			9,437	9,425	
New/increased loans					
Insurance premium funding	AUD	1.96%	633	621	2016
Loan drawdown	AUD	BBR+0.65%	7,617	7,617	(i)
Loan drawdown	USD	LIBOR+0.65%	7,318	7,318	(i)
Repayments					
Loan drawdown	AUD	BBR+0.65%	(7,617)	(7,617)	(i)
Insurance premium funding	AUD	1.96%	(347)	(334)	2016
Balance at 31 December 2015			17,041	17,030	

12. Loans and borrowings (continued)

(i) Secured borrowing due for repayment on 20 June 2016. The Company has a right to redraw down from this facility subject to compliance with certain financial and non-financial covenants.

13. 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 $2,061 thousand for the six months ended 31 December 2015 (six months ended 31 December 2014: $2,025 thousand).

Other related party transactions

	Transaction value Six months ended		Balance receivable/(payable)	
In thousands of AUD	31 Dec 15	31 Dec 14	31 Dec 15	31 Dec 14
Sale of goods				
Mr LH Ainsworth				
Company controlled by director/shareholder – sale of goods	1,455	364	985	354
Expenses				
Mr LH Ainsworth				
Companies controlled by director/shareholder – purchases and other charges	886	815	(60)	(166)

14. Subsequent events

After the reporting date, the Company has declared a fully franked dividend of 5 cents per share amounting to $16,128,000 with an expected payment date of 2 May 2016. The financial effect of this dividend has not been brought to account in the financial statements for the period ended 31 December 2015 and will be recognised in subsequent financial reports.

On 15 January 2016, the Company completed the acquisition of privately-held Nova Technologies LLC ("Nova") at a purchase price of USD$38 million. This acquisition was funded through the A$90 million secured facility with the Australian and New Zealand Banking Group Limited, which replaced the current A$30 million unsecured facility. The purchase of Nova provides AGT with an immediate presence in the US Class II markets and an opportunity for growth within the Americas with an expanded library of products. The financial effect of this transaction has not been brought to account in the financial statements for the period ended 31 December 2015 as the acquisition had not been completed at this time.

Other than the dividend and acquisition 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.

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 9 to 18, 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 2015 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 23rd day of February 2016.

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 2015, 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 14 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 2015 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 2015 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

23 February 2016

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 2015 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

23 February 2016