AINSWORTH GAME TECHNOLOGY

2015 ANNUAL REPORT

AINSWORTH
EXPERIENCE COUNTS™

In 2015, Ainsworth's motto – 'Experience Counts' resonates loudly with the launch of the A600™.

Ainsworth's commitment to perform under the highest engineering standards has resulted in a truly advanced product to support an extensive game library and offer the end user an elevated level of engagement.

Executive Chairman Len Ainsworth describes the release of the A600™ – "The A600™ continues our innovation vision. Its classic design and game promotion qualities are unsurpassed."

Ainsworth not only provides quality and high yielding land based games, it has now leveraged its successful game content in the expanding online social and real money gaming market with the launch of the Players Paradise Slots™ social casino app.

KEY DATES

Annual General Meeting:
Tuesday 17 November 2015

Results announcement for six months ending 31 December 2015:
Tuesday 23 February 2016

Results announcement for year ending 30 June 2016:
Tuesday 23 August 2016

Dates may be subject to change.

NOTICE OF ANNUAL GENERAL MEETING

Ainsworth Game Technology Limited
ABN 37 068 516 665

Notice is hereby given that the 2015 Annual General Meeting of the members of Ainsworth Game Technology Limited will be held at:

The Grace Hotel
"The Wilarra 1 Room"
Level 2, 77 York Street
SYDNEY NSW 2000

on Tuesday 17 November 2015 at 11.00am

New and Relaunched A600™ Brands

CONTENTS

In accordance with ASX Listing Rule 4.10.3, Ainsworth Game Technology's Corporate Governance Statement can be found on its website at: www.ainsworth.com.au/investors/corporate-governance

2015 Highlights

Performance Highlights

Strong growth in international sales and profitability validates the strategy to build a diversified gaming and technology Group with greater profitability and higher quality earnings.

North America: Growth in Game Operations installed base to 1,316 units (+19% increase).

Strong A560SL™ sales, 3,100 total units sold (+30% versus pcp).

Good contributions from new jurisdictions – Wyoming, Mississippi, Arizona and Missouri (+56% increase in units).

Continuing growth in existing markets – California and Nevada (+19% increase in installed base).

Latin America: Growth in Game Operations installed base to 1,311 units (+48% increase).

2,219 total units sold (+39% versus pcp).

Mexico, largest market in region for the Company, increased sales by 54%.

Australia: Release of new A560SL™ cabinet in NSW and QLD during 2015.

Loss of domestic ship share due to anticipated transition to new A600™ cabinet, launched at AGE in August 2015.

Other Regions: Strong sales revenue (+39%) and unit volume growth (+30%).

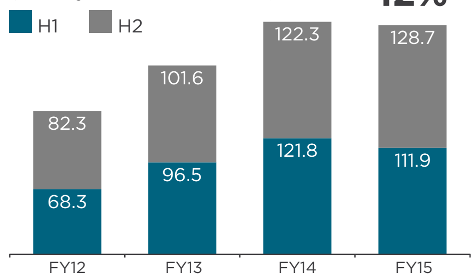
Driven by good contribution from Asia, in particular the Philippines (+115%).

Limited exposure to Macau, affected by regulatory change.

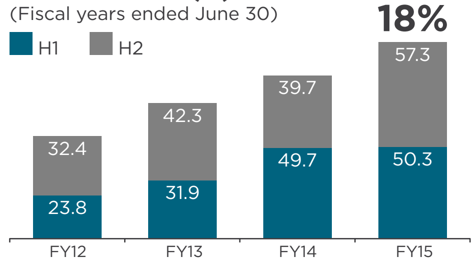
Online: Real Money Gaming – Alderney licence, initial games and Game Connect™ RGS approved.

Social Gaming – Players Paradise™ Slots App successfully launched in conjunction with 616 Digital LLC.

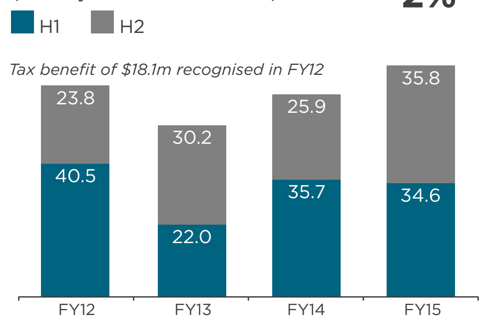
REVENUES - AUD (M) CAGR **12%**
(Fiscal years ended June 30)



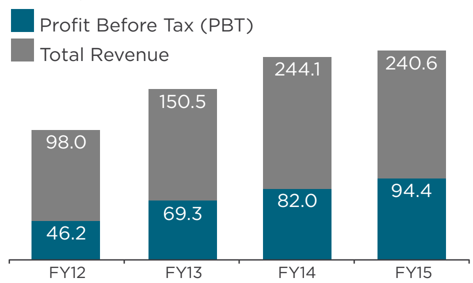
EBITDA - AUD (M) CAGR **18%**
(Fiscal years ended June 30)



NPAT - AUD (M) CAGR **2%**
(Fiscal years ended June 30)



REVENUE/PROFITABILITY - AUD (M)
(Fiscal years ended June 30)



"The quality of our earnings is rising as units under gaming operation grow. Our balance sheet is strong and we have a confident outlook for improved sales and profits in Australia based on the A600™."

Financial Highlights

REPORTED NPAT of $70 million (2014: $62 million)

EPS of $0.22 per share (2014: $0.19 per share)

EBITDA up 20% to $108 million

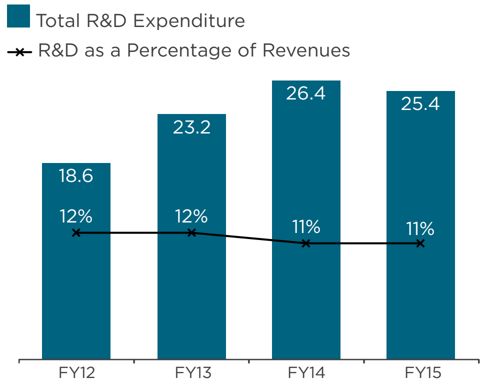
R&D as percentage of revenue maintained at 11%

STRONG Balance Sheet, Cash Position and Cash Flow and ROE

TOTAL DIVIDENDS of 10.0 cents per share (fully franked) representing a payout ratio of 46%

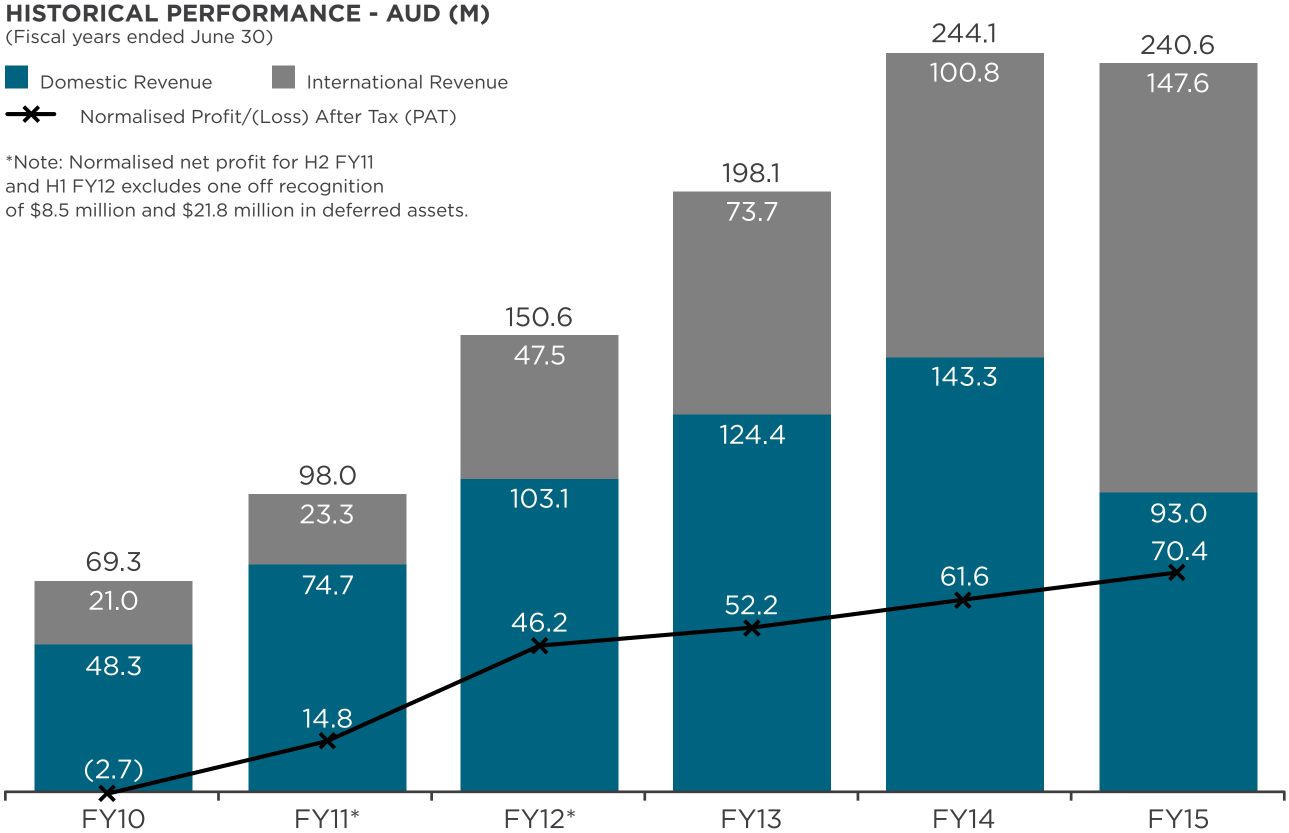
Interim Dividend	5.0 cents	100% Franked	(Paid 21 April 2015)
Final Dividend	5.0 cents	100% Franked	(Paid 29 Sept 2015)

R&D EXPENDITURE PERCENTAGE (M)
(Fiscal years ended June 30)



HISTORICAL PERFORMANCE - AUD (M)
(Fiscal years ended June 30)

*Note: Normalised net profit for H2 FY11 and H1 FY12 excludes one off recognition of $8.5 million and $21.8 million in deferred assets.



Chairman's Report

Dear Shareholders,

I am pleased to report our FY15 results. They are strong profit results. Importantly, they also show the progress we are making in executing our long term strategy and delivering the anticipated benefits to shareholders.

Around five years ago we committed to our strategy of building a stronger, more diversified and profitable global gaming and technology Group. We were determined to build a significant business in large international markets, particularly the Americas. We set out to leverage our proprietary technology and gaming expertise to substantially increase our profitability. We focused on improving the quality of our earnings by developing a larger participation business that would provide recurring revenues. We invested in multiple new licenses and their related markets, as we continue to do, to ensure our ongoing growth and sustainability. These include our online and social gaming businesses.

In 2015 we made real progress on each of these fronts.

This is our sixth consecutive year of profit growth. Overall net profit after tax for the year ended 30th June 2015 was $70.4m. This was an increase of 14%. The rising US dollar did assist us.

Within this overall profit increase our international operations performed well. International revenues grew by 46% in the year. They now represent 61% of the Group's total revenues. Profits from our international operations grew by 58% to $66.8m. This is a sizeable contribution to Group profits and a tremendous performance.

The Americas region performed very well. It was our fastest growing region. Revenues increased by 47% to $133m. Profits from the region lifted to $58.3m, an increase of 61%. Our business in the Americas has come a long way over the last five years. I am delighted to say the Ainsworth brand is well established and recognized as a leading supplier of high performing and quality gaming equipment. As many of you will know we are investing in a new facility in Las Vegas, Nevada to support further growth. We look forward to the planned opening in April 2016.

Ainsworth also performed well in the Rest of the World. Sales and profits increased to $14.6m (40% increase) and $8.5m (39% increase).

These are encouraging results from our expanding international businesses.

We have also made progress in building scale and the contribution from our gaming operations where we lease and/or rent machines to customers. These high quality revenues are recurring in nature. At the end of FY15 we had 2,627 machines within the Americas region on participation, rental and/or lease, a rise of 32% versus the year before. We expect this to increase in the coming year and beyond as we progressively release an exciting range of licensed theme products.

Pleasingly we are also making further progress in our online and social businesses. Following a period of investment, these operations are expected to provide a positive contribution to the Group's financial results. This is an exciting space and with our technology and deep gaming expertise we are well positioned for further growth and a return on this investment. Since the end of the year we have exercised our option to acquire 40% of 616 Digital, a social online gaming company. This provides us with the opportunity to leverage our proven land based content in these new arenas.

Let me turn to our performance in the challenging and competitive domestic market. Revenues fell by 35% and profits fell by 44%. This was due to several factors, most of which were confined to last year. We saw a general decline in business activity with large corporate customers and casinos. We saw changes in customer purchasing patterns which had an adverse effect and with the consolidation of some machine suppliers we saw some pricing pressure. Our ship share fell. However, our high yielding product performance ensured that the installed base of Ainsworth products still experienced moderate growth across domestic markets.

To put this into context, some of the decline experienced was expected given our planned move to a new product platform during the period. We expect this to be reversed in the coming year. As with all leading technology companies, we invest to provide our customers with greater diversity and innovative product offerings. This commitment to invest in research and development has culminated in the launch of the A600™ at the recently held Australasian Gaming Exhibition in August. The A600™ is Ainsworth at its best. The machine whilst traditional in look is technically advanced. It is already approved for sales in the core Queensland and New South Wales markets. After making our first sales we have received further positive market feedback. We expect the A600™ to positively impact domestic ship share gains in FY16 and future periods.

Let me close these remarks on our domestic business by saying we are well placed with the A600™ and a pipeline of innovative games and expect strong sales and profit growth to follow.

To enable us to deliver our growth strategy the Group maintains a strong balance sheet. This strength allows us to actively seek out potential high value investment opportunities. This has also allowed us to enhance our investment in the future pipeline of innovative core products for outright sale and units under gaming operation, as well as to underpin the execution of our online strategies.

“We reaffirm our expectations to deliver strong organic sales and profit growth in FY16. We remain focused on the execution of our strategies to build a stronger, more diversified and profitable global gaming and technology group.”

With this strong performance and our confidence in the future, I am pleased to report that the Board was able to declare a fully franked dividend of 10 cents per share for the full year. The dividend represents a 46% payout ratio recognizing we are clearly in an investment and growth phase in our development. We remain firmly committed to building and delivering value for all shareholders.

We reaffirm our expectations to deliver strong organic sales and profit growth in FY16. We remain focused on the execution of our strategies to build a stronger, more diversified and profitable global gaming and technology Group. We expect FY16 to be an exciting and prosperous year for Ainsworth as we develop and deliver new and exciting products to our customers and players.

I am encouraged by the achievements of the Group to date and would sincerely like to thank the hard work and effort of our Board of Directors, our CEO Mr Danny Gladstone and the executive team, along with the invaluable contribution of our loyal and dedicated employees, my fellow shareholders and valued customers.

Len Ainsworth
Executive Chairman

Chief Executive Officer's Report

Dear Shareholders,

I am pleased to report that 2015 was another good year for AGT.

Starting with the results for the year ended 30 June 2015, AGT has achieved another year of improved financial performance. We delivered a profit after tax of $70.4m, an increase of 14% on the previous year. The profit includes $17.9m of foreign currency gains after tax. Earnings per share increased to 22 cents per share up from 19 cents per share in 2014. Return on equity was 25% and we finished the year with $41.3m of net cash on the balance sheet to fund the operations, including innovation and expansion.

More significantly, these results highlight our ability to take our gaming expertise and proprietary technology and build a profitable and successful international business. Experience counts at Ainsworth. We assembled a group of seasoned and effective executives and a core group of game designers, mathematicians and artists to drive further creativity and performance. We extended the long term incentive plan in 2015 to retain our valued employees.

Our strategy to build a stronger, diversified and more profitable gaming and technology Group has been achieved. We are now well established with solid foundations.

Our international business performed well. In fact, with this growth, this is the first year that Ainsworth is bigger offshore than it is domestically. Overall, international revenue grew by 46%. Within this our North American revenue grew by 41%, Latin American revenues grew by 58% and the Rest of the World grew by 40%. It is encouraging to see that Ainsworth's products and technology are succeeding in international markets. We are building good momentum for further success.

The large North American market has been a key priority for us. In 2015, the Company's share increased. This was driven by the release of new products and games. We sold 3,100 units in this market last year. In our existing markets, California and Nevada, we saw a strong increase in the installed base. We added further jurisdictions in the year which contributed to the 30% increase in units sold. We look forward to a full years' contribution from these additional new markets in FY16. The A560SL™ performed well for us. It's a very good machine and is well suited to the American market. Average selling prices remained stable.

In 2016 we expect further growth and progress in North America. We have a number of new initiatives to drive sales and profits. We are examining opportunities to expand into the complementary Class II gaming market, where we can further leverage our products and technology.

In April next year we plan to open our new facility in Nevada. This is an exciting development for Ainsworth and it should provide us with greater efficiencies combined with an enhanced profile and presence.

We operate in a highly regulated environment. These licenses provide the opportunity to operate within gaming jurisdictions. To ensure we achieve new licenses and maintain our current licenses, we are committed to continuous improvement of our already established compliance culture. With this commitment to ensure best practice compliance, we expect to receive more licenses, which should drive further growth. In addition to the licenses granted during last year in Louisiana, Oklahoma, Kansas (temporary) and Massachusetts (temporary) we also secured 36 new tribal licenses. We have submitted gaming license applications to the states of Delaware, the Gaming Board of Bahamas and additional tribal licenses in Kansas, Louisiana, Michigan and Oklahoma. We expect these to be granted in FY16.

We also have three new licensed games, Three Amigos™, Cinderella™ and King Kong™, which were launched at the G2E Gaming Exhibition in Las Vegas. With an expanding library of license themed products, we expect to increase our base of machines under gaming operation in coming periods and are confident they will be successful.

In 2015 our business in Latin America had another strong year driven by continuing high performance products. We have been operating in the region for a number of years and have developed a good understanding of these markets. Profit in 2015 increased to $20.2m. We sold 2,219 units. Mexico, our largest market, reported strong sales. Our base of participation machines increased by 48%, again demonstrating the improvement in our quality of earnings.

I would point out two financial consequences of these growth and diversification strategies. Increasing the number of machines on participation changes the timing of our cash receipts from customers and requires us to maintain units as assets on our balance sheet. Sales in Latin America typically require extended payment terms and more working capital. Given we see growth in both of these opportunities, we are fortunate to have a strong balance sheet that can fund our growth.

The Rest of the World has become a significant market for Ainsworth. Profit increased to $8.5m. Unit volumes increased by 30%. While we have a limited exposure to Macau, we are optimistic for the future as the replacement of machines in this market are progressively rolled out under new gaming standards.

We also made good progress in our online real money gaming operations. We were granted a license to operate in Alderney and our initial games and Remote Game Server were also approved.

Our social gaming business is making good progress too. The Paradise Players Slots App was successfully launched in conjunction with 616 Digital LLC desktop, Android and IOS. Additional Apps are in development for release in the first quarter of FY16. Given our confidence in this business we exercised the option to acquire 40% of the equity in 616 Digital. The remaining 60% of the equity is expected to be acquired in FY16, subject to financial conditions. After a period of investment these businesses are now positioned to have a positive impact on earnings.

Let me address our performance in Australia last year. The market was highly competitive. While the downturn in our business was disappointing, neither was it totally surprising. We transitioned to a new gaming platform. In anticipation of the A600™, some customers held off buying until this product was available.

We have stablised our position and expect improved returns in FY16. We launched the A600™ at the Australasian Gaming Exhibition in August 2015 with a number of new game concepts. This new wide screen cabinet was well received and sales have commenced.

We enter FY16 with confidence. We have a well-established international business. The quality of our earnings is rising as units under gaming operation grow. Our balance sheet is strong and we have a confident outlook for improved sales and profits in Australia based on the A600™. We expect to deliver strong organic sales and profit growth for the Group in FY16.

I wish to express my appreciation to the Executive Chairman for his commitment to the Company and the wealth of his experience. I would also like to thank the Board of Directors for their wise counsel, our talented employees for their major contribution to our continued success, our loyal and supportive shareholders and importantly our customers for whom we strive to deliver the best in gaming experiences.

D. Gladstone

Danny Gladstone
Chief Executive Officer / Executive Director

SHAREHOLDER INFORMATION

INFORMATION ABOUT SHAREHOLDERS

Shareholder information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below:

SHARE HOLDINGS (AS AT 11 SEPTEMBER 2015)

Number of shareholders and shares on issue

The issued shares in the Company were 322,339,031 ordinary shares held by 6,075 shareholders.

Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Shareholder	Number of Ordinary Shares
Mr LH Ainsworth	171,901,587*
Votraint No. 1019 Pty Ltd (MCA Private Investment A/C)	28,505,912

* Mr LH Ainsworth granted share options over a portion of his existing personal shareholding to Australian employees, excluding directors. Share options outstanding as at 11th September 2015 were 300,764 (issued to 17 employees) and remain unexercised.

Voting rights

Ordinary shares

The voting rights attaching to ordinary shares are that on a show of hands every member present in person or by proxy has one vote and upon a poll, each share shall have one vote.

Options and Performance Rights

Option and performance right holders have no voting rights.

Distribution of shareholders

	NUMBER OF EQUITY SHAREHOLDERS		
Category	Ordinary Shares	Options	Performance Rights
1 – 1,000	1,419	–	4
1,001 – 5,000	2,859	–	294
5,001 – 10,000	939	1	98
10,001 – 100,000	784	1	58
100,001 and over	74	1	3
Total	**6,075**	**3**	**457**

The number of shareholders holding less than a marketable parcel of ordinary shares is 236 (17,127 ordinary shares).

On market buy-back

There is no current on market buy-back of ordinary shares.

Unquoted equity securities

At 11 September 2015, 227,345 unlisted non-transferable options and 3,674,319 performance rights have been issued to 3 and 457 employees, respectively. These options and performance rights remain unexercised.

Regulatory considerations affecting shareholders

The Company is subject to a strict regulatory regime in regard to the gaming licences and operations within the gaming industry. It is necessary for the Company to regulate the holding of shares to protect the businesses of the Company in respect of which a gaming licence is held. By accepting shares, each potential investor acknowledges that having regard to the gaming laws, in order for the Company to maintain a gaming licence, the Company must ensure that certain persons do not become or remain a member of the Company. The Constitution of the Company contains provisions that may require shareholders to provide certain information to the Company and the Company has powers to require divesture of shares, suspend voting rights and suspend payments of certain amounts to shareholders.

Twenty largest shareholders

Name	Number of ordinary shares held	Percentage of total
MR LH AINSWORTH	157,949,404	49.00
VOTRAINT NO 1019 PTY LTD <MCA PRIVATE INVESTMENT A/C>	28,475,912	8.83
NATIONAL NOMINEES LIMITED	14,758,645	4.58
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,014,409	4.35
ASSOCIATED WORLD INVESTMENTS PTY LTD	9,165,240	2.84
CITICORP NOMINEES PTY LIMITED	8,265,240	2.56
J P MORGAN NOMINEES AUSTRALIA LIMITED	7,727,830	2.40
BNP PARIBAS NOMS PTY LTD <DRP>	7,260,757	2.25
BACLUPAS PTY LTD <VALHALLA A/C>	4,654,043	1.44
AMP LIFE LIMITED	4,468,366	1.39
NATIONAL NOMINEES LIMITED <DB A/C>	3,726,033	1.16
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	2,598,918	0.81
UBS NOMINEES PTY LTD	2,427,376	0.75
WRITEMAN PTY LIMITED <P L H A INVESTMENT A/C>	1,900,000	0.59
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,157,237	0.36
TRINITY MANAGEMENT PTY LTD	1,157,109	0.36
CASOLA HOLDINGS PTY LTD <NORDIV HOLDINGS S/FUND A/C>	1,070,000	0.33
CS FOURTH NOMINEES PTY LTD	1,016,511	0.32
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PI POOLED A/C>	991,906	0.31
RBC INVESTOR SERVICES AUSTRALIA PTY LIMITED <VFA A/C>	971,233	0.30
Total	**273,756,169**	**84.92**

DIRECTORS' REPORT

for the year ended 30 June 2015

The directors present their report together with the consolidated financial statements of the Group comprising of Ainsworth Game Technology Limited (the Company) and its subsidiaries for the financial year ended 30 June 2015 and the auditor's report thereon.

1. DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and independence status	Age	Experience, special responsibilities and other directorships
CURRENT		
Mr Leonard Hastings Ainsworth, DUniv, FAICD, FAIM Executive Chairman	92 yrs	– Sixty two years gaming industry experience – Founder and former Managing Director of Aristocrat – Fellow of the Institute of Company Directors in Australia and the Australian Institute of Management – Life member – Clubs NSW – Founder of Australian Gaming Machines Manufacturers Association – now Gaming Technology Association – Founder of Australasian Gaming Exhibition – Inducted into the Australian Gaming Hall of Fame and U.S Gaming Hall of Fame in 1994 and 1995, respectively – Recognition as export hero in 2002 by Australian Institute of Export – G2E Asia Gaming Visionary Award Recipient in 2010 – Recipient of Clubs NSW award for outstanding contribution to the club industry in 2011 – Recipient of Keno and Club Queensland Award for excellence in March 2014 for services to industry – Awarded Higher Doctorate degree by the University of New South Wales – Director and Chairperson since 1995 – Executive Chairperson since 2003
Mr Graeme John Campbell Lead Independent Non-Executive Director	58 yrs	– Graeme has specialised in the area of liquor and hospitality for over 30 years in corporate consultancy services with particular emphasis on hotels and registered clubs – Former Chairman of Harness Racing NSW, recipient of J.P. Stratton award and Ern Manea Gold Medal. Inducted into the Inter Dominion Hall of Fame in February 2014 – Former Director of Central Coast Stadium and Blue Pyrenees Wines – Director of Liquor Marketing Group Limited (Bottle Mart) since September 2013 – Non executive Director of Lantern Hotels Group appointed June 2015 – Chairman of Audit Committee of Illawarra Catholic Club Group – Director since 2007 – Chairperson of Audit Committee and member of Regulatory and Compliance Committee – Member of Remuneration and Nomination Committee since 31 March 2015 – Lead Independent Non-Executive Director since 2013

Name, qualifications and independence status	Age	Experience, special responsibilities and other directorships
CURRENT		
Mr Michael Bruce Yates B.Com (with merit), LLB Independent Non-Executive Director	61 yrs	— Michael has extensive commercial and corporate law experience in a career spanning over 34 years — He is a former senior corporate partner of Sydney Law practices Holding Redlich and Dunhill Madden Butler and has acted for a number of clients involved in the gaming industry — Director since 2009 — Chairperson of Regulatory and Compliance Committee and member of Remuneration and Nomination Committee since 2013 — Member of Audit Committee since 31 March 2015
Mr Colin John Henson, Dip Law- BAB, FCPA, FCIS, FAICD Independent Non-Executive Director	67 yrs	— Colin has had a lengthy career in senior corporate positions and as a director of private and publicly listed companies across a broad range of industries — Currently the Non-Executive Chairman of Videlli Limited — Lead associate with Madison Cross Corporate Advisory Pty Ltd, effective 2 July 2014 — Formerly the Executive Chairman of Redcape Property Fund Limited, an ASX Listed Property Trust and Chairman and non-executive director of QuayPay Limited — Fellow of the Australian Institute of Company Directors, CPA Australia and Australian Institute of Corporate Managers, Secretaries and Administrators — Non practising member of the Law Society of NSW — Director since 2013 — Member of Audit Committee since 2013 — Member of Remuneration and Nomination Committee since 2013 and Chairperson from 31 March 2015
Mr Daniel Eric Gladstone Executive Director and Chief Executive Officer	60 yrs	— Danny has held senior positions within the gaming industry over a successful career spanning 40 years — Inducted into the Club Managers Association Australia Hall of Fame in 2000 — Chairman of Gaming Technologies Association from 2011 until resignation on 21 February 2012 — Chief Executive Officer since 2007 - Executive Director since 2010 — Member of Regulatory and Compliance Committee
FORMER		
Mr David Hugh Macintosh, AM, BBus, FCA Independent Non-Executive Director	59 yrs	— David has an extensive career spanning over 40 years experience in transport and the construction industry specialising in the hospitality and gaming industry — Currently the Managing Director of a major Australian construction company — Formerly the Executive Chairman and director of an ASX listed Australian company for a period of approximately 20 years — Inducted into the Club Managers Association Australia Hall of Fame in March 2006 — Fellow of the Institute of Chartered Accountants Australia — Member of the Order of Australia in June 2011 — Awarded the Australian National Medal in 2014 — Director since 2013, resigned 27 March 2015 — Chairperson of Remuneration and Nomination Committee and member of Audit Committee since 2013 until 27 March 2015

DIRECTORS' REPORT (continued)

for the year ended 30 June 2015

2. COMPANY SECRETARY

Mr Mark L Ludski has held the position of Company Secretary since 2000. Mr ML Ludski previously held the role of Finance Manager with another listed public company for ten years and prior to that held successive positions in two leading accounting firms where he had experience in providing audit, taxation and business advisory services.

Mr ML Ludski is a Chartered Accountant holding a Bachelor of Business degree, majoring in accounting and sub-majoring in economics.

3. DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

	Board Meetings		Audit Committee Meetings		Remuneration & Nomination Committee Meetings		Regulatory & Compliance Committee Meetings	
Director	A	B	A	B	A	B	A	B
LH Ainsworth	12	12	–	–	–	–	–	–
GJ Campbell	12	12	2	2	1	1	4	4
MB Yates	11	12	–	–	4	5	4	4
DE Gladstone	11	12	–	–	–	–	4	4
CJ Henson	12	12	2	2	5	5	–	–
DH Macintosh	8	8	2	2	4	4	–	–

A Number of meetings attended
B Number of meetings held during the time the director held office during the year

4. PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the financial year were the design, development, production, lease, sale and servicing of gaming machines and other related equipment and services. The Group also operates or has strategies to expand its activities within the on-line gaming markets, including social gaming and licensed "Real Money" gambling markets.

There were no significant changes in the nature of the activities of the Group during the year.

Objectives

Ainsworth is a leading gaming machine developer, designer and manufacturer operating in local and global markets. Our strategy is to profitably and sustainably expand this footprint by leveraging off our deep expertise and substantial experiences for the benefit of all shareholders.

The Group's objectives are to:

- focus on increasing revenue and profitability within geographical markets that are expected to achieve the greatest contributions to the Group's financial results, and creation of sustained growth;
- expand presence within on-line gaming markets, including social gaming and licensed "Real Money" gambling markets;
- continue investing in product research and development in order to provide quality market leading products that are innovative and entertaining, and result in increased player satisfaction and therefore greater venue profitability;
- provide a growing return on shareholder equity through increasing profitability, payment of dividends and share price growth; and
- prudently manage levels of investment in working capital and further improve cash flow from operations to facilitate investment in growth opportunities.

In order to meet these objectives the following priority actions will continue to apply in future financial years:

- grow the Group's footprint and operating activities in domestic and international markets;
- continual investment in research and development to produce innovative products with leading edge technology;
- further reduce product and overhead costs through improved efficiencies in supply chain and inventory management;
- actively pursue initiatives to improve and reduce investment in working capital;
- maintain best practice compliance policies and procedures and increase stakeholder awareness of the Group's regulatory environment; and
- ensure retention and development of the Group's talent base.

5. OPERATING AND FINANCIAL REVIEW

Overview of the Group

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

In millions of AUD	12 months to 30 June 2015	12 months to 30 June 2014	Variance %
Reported results			
Total segment revenue from ordinary activities	240.6	244.1	(1.4%)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	107.6	89.4	20.4%
Earnings before interest and tax (EBIT)	91.3	79.1	15.4%
Profit before income tax	94.4	82.0	15.1%
Profit after income tax	70.4	61.6	14.3%
Earnings per share (fully diluted)	22.0 cents	19.0 cents	15.8%
Total dividends per share	10.0 cents	10.0 cents	–

The Group's profit for the year ended 30 June 2015 was a profit after tax of $70.4 million, an increase of 14% on the $61.6 million in 2014. This result was achieved on revenue of $240.6 million, a decrease of 1% on the revenue of $244.1 million in 2014. Further, revenue gains in the key market of the Americas have assisted in increasing the contribution of revenue from international markets from 41% in 2014 to 61% in the current year. The current year result included a positive impact for net foreign currency gains of $25.6 million compared to $0.8 million in 2014 as a result of $US currency movements and the related translation of US denominated assets at the reporting date.

During the current year the Group also incurred one-off costs of $3.3 million in evaluating strategic investment opportunities and the impairment of a terminated distributorship receivable.

Further expansion and market share gains within the Americas and Asia were achieved during the current period following the previous development initiatives introduced within these geographical markets. The key growth market of the Americas increased revenue by 47% in the period through the continued product performance of the A560SL™ in North America and by the strong foundation of its Las Vegas operations. The Group continues to invest in new product development to assist in further capturing market share and providing revenue growth in both new and established markets.

Shareholder returns

	2015	2014	2013	2012	2011
Profit attributed to owners of the company	$70,353,000	$61,570,000	$52,202,000	$64,275,000	$23,121,000
Basic EPS	$0.22	$0.19	$0.16	$0.23	$0.08
Dividends paid	$32,227,000	$32,211,000	$9,661,000	$–	$–
Change in share price	($1.17)	($0.29)	$1.93	$1.74	$0.27

Net profit amounts for 2011 to 2015 have been calculated in accordance with Australian Accounting Standards (AASBs). The profit amount for 2012 included an income tax benefit of $18.1 million following the recognition of previously unrecognised deferred tax assets.

Investments for future performance

The Group continues to review and evaluate opportunities within the gaming sector. Further increases in research and development expenditure in future periods will assist the continual expansion of innovative and technically advanced products with a view to building on the consistently high performance achieved to date. The Group launched the A600™ at the Australasian Gaming Exhibition (AGE) in August. This product was the result of the significant investment in research and development undertaken in prior periods and is a cornerstone of the Group's product transition strategies in all global markets.

The Group continues to execute strategies within on-line segments, both real money and social gaming. Completion of licenced "Real Money" gambling technical integration of the Group's Remote Gaming Server (RGS) "GameConnect™" has progressed with registrations continuing with leading real money gambling operators within Europe, as well as selected Asian and South American markets, where real money on-line gaming is regulated. It is expected that monetarisation of licensed "Real Money" on-line gaming opportunities will commence during FY16 once the Group's content is distributed by platform providers and operators.

DIRECTORS' REPORT (continued)

for the year ended 30 June 2015

5. OPERATING AND FINANCIAL REVIEW (continued)

Entry into the high growth social gaming sector was initially established through an initial investment with 616 Digital LLC. The Group has converted this investment to a 40% equity shareholding in 616 Digital LLC subsequent to the reporting date. An option exists to purchase the remaining 60% of 616 Digital LLC after evaluation of the financial due diligence and technical performance of 616 Digital LLC within FY16.

As part of the Group's strategic investment in 616 Digital LLC, the Company launched its new on-line casino "Players Paradise Slots™" in February 2015 to complement 616 Digital LLC's already established Pokie Magic on-line casino. The development and marketing of 616 Digital LLC's social gaming offering on both desktop and mobile platforms, has been leveraged and enhanced by Ainsworth's extensive land based game content library.

Significant changes in the state of affairs

Investment in research and development continues to help ensure new initiatives positively affect future product performance. Further investment within the Americas through the commencement of the purpose built facility in Las Vegas was undertaken in the 2015 financial year to ensure the Group is positioned to capitalise on the significant opportunities within this region. It is expected that completion and occupation of this facility will occur in the second half of FY16 which will provide further operating efficiencies.

Other than the matters noted above, there were no significant changes in the state of affairs of the Group during the financial year.

Review of principal businesses

Results in the current period and prior corresponding period are summarised as follows:

In millions of AUD	12 months to 30 June 2015	12 months to 30 June 2014	Variance	Variance %
Segment revenue				
Australia	93.0	143.3	(50.3)	(35.1%)
Americas	133.0	90.4	42.6	47.1%
Rest of World	14.6	10.4	4.2	40.4%
Total segment revenue	**240.6**	**244.1**	**(3.5)**	**(1.4%)**
Segment result				
Australia	46.6	83.6	(37.0)	(44.3%)
Americas	58.3	36.3	22.0	60.6%
Rest of World	8.5	6.1	2.4	39.3%
Total segment result	**113.4**	**126.0**	**(12.6)**	**(10.0%)**
Unallocated expenses				
Net foreign currency gains	25.6	0.8	24.8	3100.0%
R&D expenses	(25.4)	(26.4)	1.0	3.8%
Corporate expenses	(18.6)	(20.3)	1.7	8.4%
Other expenses	(1.9)	–	(1.9)	100.0%
Total unallocated expenses	**(20.3)**	**(45.9)**	**25.6**	**55.8%**
Less : interest included in segment result	(1.8)	(1.0)	(0.8)	80.0%
EBIT	**91.3**	**79.1**	**12.2**	**15.4%**
Net interest	3.1	2.9	0.2	6.9%
Profit before income tax	**94.4**	**82.0**	**12.4**	**15.1%**
Income tax	(24.0)	(20.4)	(3.6)	17.6%
Profit after income tax	**70.4**	**61.6**	**8.8**	**14.3%**

Key performance metrics	% of revenue 12 months to 30 June 2015	% of revenue 12 months to 30 June 2014	Variance Points
Segment result margin			
Australia	50.1	58.3	(8.2)
Americas	43.8	40.2	3.6
Rest of World	58.2	58.2	–
Segment result margin	**47.1**	**51.6**	**(4.5)**
R&D expense	10.6	10.8	(0.2)
EBIT[(1)]	27.3	32.1	(4.8)
Profit before income tax[(1)]	28.6	33.3	(4.7)
Profit after income tax	29.2	25.2	4.0
Effective tax rate	25.4	24.9	0.5

(1) Excludes net foreign currency gains of $25.6 million (2014: $0.8 million)

Revenue

Sales revenue of $240.6 million was recorded in the year under review compared to $244.1 million in 2014, a slight decrease of 1%. The revenue contributions from domestic and international markets were 39% and 61% respectively compared to 59% and 41% in 2014. The weaker domestic revenue was primarily impacted by lower corporate and casino sales compared to the 2014 year, and intensive competition.

Following a number of years of compound growth across the domestic markets of Australia, revenues of $93.0 million were achieved during the reporting period, representing a reduction of 35% as compared to 2014. This reduction was experienced across most jurisdictions and resulted from a number of factors, largely confined to the current period. A decline in business activity with large corporate customers was one of those factors, resulting from an abnormally high level of activity in the corresponding period in 2014, together with general changes in purchasing patterns. Consolidation across the spectrum of competitors in Australia also manifested itself in additional pricing pressure during the period, and whilst ship-share came under pressure, high-yielding product performance ensured that the installed base of Ainsworth products still experienced moderate growth across most domestic markets.

The NSW Hotels market continued to prove challenging during the period, however additional focus on market-attuned games for this segment is forecasted to provide a meaningful improvement in FY16. In the primary markets of NSW and QLD, the much anticipated transition from the highly successful A560™ cabinet to the new A600™ cabinet, had an adverse impact on volume towards the end of the reporting period, however the launch of the new product at the Australasian Gaming Exhibition in August 2015, is expected to provide positive momentum for the domestic business in FY16. The new A560SL™ cabinet was launched to much acclaim in NSW and QLD during 2015, further diversifying the cabinet variations available within the A560™ portfolio. This included much sought after game combinations involving multiple games and denominations available in a single cabinet configuration.

In Victoria, the looming introduction of Voluntary Pre-Commitment in December 2015, has adversely impacted on the amount of capital available to customers for the purchase of gaming machines with customers being required to purchase 'pre-commitment' supporting software. In South Australia, the planned introduction of the $5 maximum bet regulation from January 2017 has also adversely impacted business activity during the reporting period, however this equally represents an opportunity for additional business activity in FY16.

International revenue was $147.6 million compared to $100.8 million in 2014, representing an increase of 46%. The Group expects to achieve further increases in international revenue in FY16 from the ongoing release of newly developed product initiatives combined with an established operational base in Las Vegas, Nevada.

The key market of the Americas contributed 90% of total international revenue, with North America and Latin America representing 56% and 34% respectively. The North American market realised revenue of $82.8 million in the current period, an increase of 42% on the $58.5 million in 2014. The release of the A560SL™ within North America in March 2014 provided revenue opportunities with game brands such as *Sweet Zone*™ and *Whopper Reels*™, among others. The recent granting of licenses and the progression of product approvals in Missouri, Mississippi, Louisiana, Arizona, Kansas and Saskatchewan are expected to contribute to further revenue opportunities and growth in the short term.

DIRECTORS' REPORT (continued)

for the year ended 30 June 2015

5. OPERATING AND FINANCIAL REVIEW (continued)

In conjunction with the revenue increase in outright sales the Group achieved a 19% increase in gaming units under participation arrangements in the reporting period. At the reporting date the Group had 1,316 units under gaming operations in North America, an increase of 211 units from those at 30 June 2014. Release of products such as *Sound of Music*™ and *Showgirls*™ together with the previously released *Reels of Wheels*™ as well as classic Ainsworth titles being developed in the A560™ Wide Boy cabinet are expected to further increase the installed base of products under participation in this market.

Revenue from Latin America was $50.3 million, an increase of 58% on the corresponding period in 2014. In addition to the above, the Group has increased its footprint and at the report date has 1,311 gaming machines under gaming operations in this market. This represents an increase of 48% compared to the 884 units under gaming operation as at 30 June 2014. Continued high performance of products such as the *Multi Win*™ multi game range, *Rio Grande Rapids*™ and *Quad Shots*™, along with strategies previously undertaken have facilitated the achievement of the Group's growth within this geographical region. The Company is well positioned to build on its reputation as a provider of high performing gaming products in this region and expects to continue to expand its established footprint of products under gaming operation.

Revenue from other international markets ("Rest of World" segment) of New Zealand, Europe and Asia contributed $14.6 million and represented 10% of international revenue consistent with 2014. It is expected that revenue increases within Asia will be steadily realised in future periods as the newly revised gaming standards are introduced, and new casino openings occur during FY16/17.

Operating costs

Gross margin of 63% was achieved, compared to 64% in 2014. The Company noted that margins within domestic markets were impacted by higher componentry costs through product transition and adverse currency movements, aggressive promotional initiatives and reduced corporate and casino activity. The maintenance of gross margin was achieved despite further revenue increases from Latin America, which represented 34% of total international revenue (2014: 32%), at a lower gross margin. Continued cost reduction initiatives combined with higher sales volumes, production efficiencies, and a greater concentration of premium progressive recurring revenue games are expected to assist in off-setting potential negative margin impacts as international revenue increases its contribution to total revenue of the Group.

Operating costs, excluding cost of sales, other expenses and financing costs were $83.0 million, an increase of 7% over 2014. These costs included one-off costs of $3.3 million incurred in the evaluation of strategic opportunities ($1.9 million) and the impairment of a terminated distributorship receivable within Latin America ($1.4 million). This increase was primarily attributed to an overall increase in variable selling costs and increased sales representation within the Americas in line with revenue increases and new licenses achieved in the period, increased expenditure on new product initiatives and the full year depreciation impact of the gaming machines under gaming operations. Operating costs relating to global expansion are continually assessed to ensure these costs are aligned to the achievement of revenue growth before being incurred.

Research and development (R&D) expense was $25.4 million, a decrease of $1.0 million over 2014 and represented 11% of revenue (2014: 11%). Completion of development of A600™ occurred in the current period.

Administration costs were $18.6 million, a decrease of $1.7 million compared to 2014. These overhead costs as a percentage of total revenue were 8% (2014: 8%) and are consistent with prudent resource and cost control.

Financing income and costs

Net financing income was $28.7 million in the current period, an increase of $24.9 million on the net financing income of $3.8 million in 2014. This increase was primarily a result of net foreign exchange gains in the current year of $25.6 million compared to $0.8 million in 2014, a positive change of $24.8 million.

Review of financial condition

Capital structure and treasury policy

The Company currently has on issue 322,339,031 ordinary shares. The Board continues to ensure a strong capital base is maintained to invest in the future development of the business. Group performance is monitored to ensure an acceptable return on capital is achieved and dividends are able to be provided to ordinary shareholders in future periods. There were no changes in the Group's approach to capital management.

The Group is exposed to foreign currency risks on sales and purchases that are denominated in currencies other than AUD. The Group regularly monitors and reviews the financial impact of currency variations to determine strategies to minimise the volatility of changes and adverse financial effects in foreign currency exchange rates. No hedging arrangements were utilised in the current period and draw-downs of US dollar denominated borrowings were utilised to assist in providing a partial natural hedge against future movements.

Liquidity and funding
The Group continues to generate positive cashflows from operating activities. In addition to cash and term deposits held of $41.3 million (2014: $71.9 million), the Group has in place a $30 million facility with a leading Australian bank. This facility will allow the Group to pursue traditional financing alternatives, including the ability to minimise working capital investment through cash reserves and ability to utilise US dollar borrowings.

Cash flows from operations
Net cash inflows from operations for the year ended 30 June 2015 was $20.2 million, a decrease from $57.6 million in the corresponding period in 2014. Cashflows in the period were adversely impacted by the commencement of Group income tax payments, investment in working capital due to the timing of revenue achieved and increase in inventory held at reporting date. It is expected that increased cashflows will be achieved within the first half of FY16 as the cash conversion of receivables and inventory reductions occur through sales.

The Group actively monitors its working capital requirements and has further increased its investment in establishing machines under gaming operation so as to pursue recurring revenue streams in the Americas under participation arrangements.

Impact of legislation and other external requirements
The Group continues to work with regulatory authorities to ensure that the necessary product approvals to support its operations within global markets are granted on a timely and cost effective basis. The granting of such licenses will allow the Group to expand its operations. The Group aims to conduct its business worldwide in jurisdictions where gaming is legal and commercially viable. Accordingly, the Group is subject to licensing and other regulatory requirements of those jurisdictions.

The Group's ability to operate in existing and new jurisdictions could be adversely impacted by new or changing laws or regulations and delays or difficulties in obtaining or maintaining approvals and licenses.

6. DIVIDENDS

The following dividends were declared by the Company for year ended 30 June 2015:

	Cents per share	Total amount $'000	Date of payment
Declared and paid during the year 2014			
Final 2014 ordinary (unfranked)	5.0	16,110	26 September 2014
Interim 2015 ordinary (franked)	5.0	16,117	21 April 2015
Total amount		32,227	

Declared after end of year
The dividends have not been provided and there are no income tax consequences. After the balance sheet date the following dividend was declared by the directors.

	Cents per share	Total amount $'000	Date of payment
Final ordinary (franked)	5.0	16,117	29 September 2015
Total amount		16,117	

The financial effect of this dividend has not been brought to account in the consolidated financial statements for the year ended 30 June 2015 and will be recognised in subsequent financial reports, and there are no income tax consequences.

Dividends have been dealt with in the financial report as:

	Note	$'000
- Dividends		32,227
- Noted as a subsequent event	*19(c)*	16,117

DIRECTORS' REPORT (continued)

for the year ended 30 June 2015

7. EVENTS SUBSEQUENT TO REPORTING DATE

After the reporting date, the Company declared a franked dividend of 5.0 cents per ordinary share amounting to $16,117,000 with an expected payment date of 29 September 2015. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2015 and will be recognised in subsequent financial reports.

Other than the matter discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any 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.

8. LIKELY DEVELOPMENTS

The Group continues to pursue development initiatives and the necessary product approvals to help ensure sustainable revenue growth and continued financial improvement in future periods.

Further execution of strategies through the investment in a social on-line gaming company is expected to provide complementary revenue gains within on-line social and "Real Money" gaming segments in future periods. This strategy is aimed at achieving increased market share in selected geographical business sectors so as to positively contribute to Group results in future financial years.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

9. DIRECTORS' INTERESTS

The relevant interest of each director in the shares and rights over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the directors to the ASX in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

	Ainsworth Game Technology Limited	
	Ordinary shares	Performance rights over ordinary shares
Mr LH Ainsworth	171,901,587	–
Mr GJ Campbell	300,000	–
Mr MB Yates	22,400	–
Mr CJ Henson	100,000	–
Mr DE Gladstone	28,000	400,592

10. SHARE OPTIONS/PERFORMANCE RIGHTS

Unissued shares under option or performance right

At the date of this report unissued ordinary shares of the Group under option or performance right are:

Expiry date	Instrument	Exercise price	Number of shares
1 March 2016	Options (ESOT)	$0.225	227,345
22 July 2018	Rights	$Nil	1,369,706
17 March 2020	Rights	$Nil	2,552,346
			4,149,397

There are no other shares of the Group under option or performance right.

All options and performance rights expire on the earlier of their expiry date or termination of the employee's employment. In addition, the ability to exercise the performance rights is conditional on the Group achieving annual growth in Earnings Per Share of at least eight per cent each year over four years and ranking according to Total Shareholder Return in the fiftieth percentile compared to companies in the ASX 300 index with the same Consumer Services GICS industry sector as the Group. Further details about share based payments to directors and KMP are included in the Remuneration report in section 15. These options and rights do not entitle the holder to participate in any share issue of the Company or any other body corporate.

In addition to the share options issued by the Company, an incentive plan introduced in a prior period whereby share options were granted under the LH Ainsworth Share Option Trust (ASOT) to Australian employees, excluding directors. These share options were granted over a portion of the personal shareholding of the Company's Executive Chairman, Mr LH Ainsworth. During or since the end of the financial year 285,935 share options were exercised leaving a balance of 300,764 share options under issue.

The options under the ASOT plan have vesting conditions, which were satisfied on 1 March 2014. The vesting conditions were set with reference to the anniversary of the issue date of the option. All options expire on the earlier of their expiry date or termination of the employee's employment. These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

The share options outstanding at 30 June 2015 under the ASOT plan issued to key management personnel, totalled Nil (2014: Nil). Share options exercised by key management personnel during the year were Nil (2014: 1,788,627) options following completion of the final vesting condition during the year.

Shares issued on exercise of options

During or since the end of the financial year, the Group issued ordinary shares of the Company as a result of the exercise of options under the Employee Share Option Trust (ESOT) as follows (there are no amounts unpaid on the shares issued):

Number of shares	Amount paid on each share
145,700	$0.225

11. INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

Indemnification

The Group has agreed to indemnify current and former directors of the Group against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Neither the Group nor Company have indemnified the auditor in relation to the conduct of the audit.

Insurance premiums

Since the end of the previous financial year, the Company has paid insurance premiums in respect of directors' and officers' liability and legal expenses' insurance contracts, for current and former directors and officers, including senior executive officers of the Company and directors, senior executive and secretaries of its controlled entities.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses contracts, as such disclosure is prohibited under the terms of the contract.

DIRECTORS' REPORT (continued)

for the year ended 30 June 2015

12. NON-AUDIT SERVICES

During the year KPMG, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements.

The board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the audit committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the audit; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG, and its network firms for audit and non-audit services provided during the year are set out below:

	2015 $
Services other than audit and review of financial statements:	
Other regulatory audit services	
Controlled entity audit	30,000
Other services	
Transaction support services	515,240
Taxation advisory services	192,519
	737,759
Audit and review of financial statements	**260,000**
Total paid to KPMG	**997,759**

13. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead auditor's independence declaration is set out on page 78 and forms part of the directors' report for the financial year ended 30 June 2015.

14. ROUNDING OFF

The Group 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 consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

15. REMUNERATION REPORT – AUDITED

15.1 Principles of compensation – audited

Remuneration is referred to as compensation throughout this report.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors of the Company and other executives. Key management personnel comprise the directors of the Company and senior executives for the Group that are named in this report.

Compensation levels for key management personnel of the Group are competitively set to attract and retain appropriately qualified and experienced directors and executives. The remuneration and nomination committee ("RNC") regularly reviews market surveys on the appropriateness of compensation packages of the Group given trends in comparative companies both locally and internationally, and the objectives of the Group's compensation strategy. In addition independent remuneration consultants are used to advise the RNC on compensation levels given market trends.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:

- the capability and experience of the key management personnel;
- the key management personnel's performance against Key Performance Indicators (KPIs) and individual contributions to the Group's performance;
- the Group's performance including:
  - revenue and earnings;
  - growth in share price and delivering returns on shareholder wealth; and
  - the amount of incentives within each key management person's compensation.

Compensation packages include a mix of fixed and variable compensation and short-term and long-term performance-based incentives.

In addition to their salaries, the Group also provides non-cash benefits to its key management personnel, and contributes to post-employment defined contribution superannuation plans on their behalf.

Fixed compensation

Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes any Fringe Benefits Tax (FBT) charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

Compensation levels are reviewed annually by the RNC through a process that considers individual, segment and overall performance of the Group. In addition market surveys are obtained to provide further analysis so as to ensure the directors' and senior executives' compensation is competitive in the market place. A senior executive's compensation is also reviewed on promotion and performance.

The RNC undertook a review of fixed compensation levels by commissioning an independent remuneration consultant to assist with determining an appropriate mix between fixed and performance linked compensation for senior executives of the Group during the year. Based on recommendations it was determined that the CEO's and Executive Chairman's base salary should be increased in line with comparable companies and market trends. These increases occurred in line with recommendations provided and were effective 1 July 2014.

Performance linked compensation

Performance linked compensation includes both short-term and long-term incentives and is designed to reward key management personnel for meeting or exceeding their financial and personal objectives. The short-term incentive (STI) is an 'at risk' bonus provided in the form of cash, while the long-term incentive (LTI) is provided as performance rights over ordinary shares of the Company under the rules of the Employee Share Option Plans (see Note 23 to financial statements).

In addition to their salaries, selected key sales management personnel receive commission on sales within their specific business segments as part of their service contracts at each vesting date.

As outlined a review was undertaken by an independent remuneration consultant on behalf of the RNC to assess current performance linked compensation arrangements - STI and LTI plans. This review assisted the Board to determine appropriate remuneration levels for FY15 taking into consideration the Group's growth objectives, industry specific and market considerations and related retention of key employees.

Short-term incentive bonus

Each year the RNC determines the objectives and KPIs of the key management personnel. The KPIs generally include measures relating to the Group, the relevant segment, and the individual, and include financial, people, customer, compliance, strategy and risk measures. The measures are chosen as they directly align the individual's reward to the KPIs of the Group and to its strategy and performance.

DIRECTORS' REPORT (continued)

for the year ended 30 June 2015

15. REMUNERATION REPORT – AUDITED (continued)

15.1 Principles of compensation – audited (continued)

The financial performance objectives for FY15 were Group 'profit before tax' excluding foreign currency gains / (losses) and any specific extra-ordinary items as assessed by the RNC, and international revenue targets at minimum gross margin levels, compared to budgeted amounts. These financial performance targets represented a maximum weighting of 80% (50% based on 'profit before tax' and 30% international revenue growth at minimum margin levels). It was determined by the RNC, subject to completion of the audited financial report for 30 June 2015 that key management personnel (excluding Mr LH Ainsworth and non-executive directors) did not achieve the 'profit before tax' minimum target and no STI was payable on this component. Based on the results for the period the STI component for international revenue at minimum gross margin levels was achieved for the 30% weighting. These objectives were designed to reward key management personnel for the Group's performance and not simply the achievement of individual segment results.

The non-financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes, safety measures, and compliance with established regulatory processes, customer satisfaction and staff development. The non-financial objectives for key management personnel, excluding directors (other than Mr Danny Gladstone, the Chief Executive Officer (CEO)) represented a weighting of 20% of the maximum STI. The CEO assessed senior executives under the criteria outlined and recommended to the RNC and Board a percentage achievement. The RNC and Board determined the CEO's performance. These ratings established achievement in the range of 50% - 75% of the individuals performance against these non-financial objectives.

The RNC assesses the actual performance of the Group, the relevant segment and individual against the KPI's set at the beginning of the financial year. A pre-determined maximum amount is capable of being awarded for stretch performance. No stretch bonus was awarded as overall performance fell below the minimum performance established. The performance evaluation in respect of the year ended 30 June 2015 has taken place in accordance with this process.

The RNC recommends the cash incentive to be paid to the individuals for approval by the board. The method of assessment was chosen as it provides the Committee with an objective assessment of the individual's performance. Based on remuneration practices the STI was determined for key management personnel and senior executives. Following a recommendation by the independent remuneration consultant it was established that 75% of the STI would be awarded in cash and 25% be deferred for a 12 month period. The deferred component has not been accrued at 30 June 2015 and is subject to service conditions. The deferred component represented $138,368 for key management personnel.

For the year ended 30 June 2015, the Group exceed certain of the minimum performance targets outlined in the incentive plan approved by the Board in September 2014. This resulted in short-term incentives being earned during 2015, which were confirmed by the Board on 23 June 2015. Currently, the performance linked component of compensation comprises approximately 9% (2014: 30%) of total payments to key management personnel due to forfeitures under the STI during the current period.

Long-term incentive

Employee Share Option Plans

In prior years options for new shares were issued under an Employee Share Option Trust (ESOT) to American employees. Additionally, there is an option scheme entitling Australian employees to options over a number of existing shares personally held by the Company's Executive Chairman, Mr LH Ainsworth under the LH Ainsworth Share Option Trust (ASOT). These share option plans provide for employees to receive options over new or existing ordinary shares at a pre-determined exercise price. The ability to exercise the options is conditional on continuation of employment.

Performance Rights Plan

During the year a new employee incentive plan was established whereby performance rights were granted under the Rights Share Trust (RST) on 17 March 2015. Under the RST, eligible employees and executives were allocated performance rights over ordinary shares in the Company. The performance rights were granted at nil consideration or exercise price however are dependent on service conditions, vesting conditions and performance hurdles. The performance rights convert to ordinary shares of the Company on a one-for-one basis. The performance rights were granted to all eligible Group employees and executives in two tranches subject to separate performance and vesting conditions. 50% of the performance rights vest on 17 March 2018 and the remaining 50% vest on 17 March 2019 depending on the extent to which the performance hurdles are achieved.

Of each tranche that vests on 17 March 2018 and 17 March 2019 70% vest subject to Earnings Per Share (EPS) targets and 30% vest subject to Total Shareholder Return (TSR) targets. The relevant weighting of performance conditions of 70% EPS and 30% TSR were determined as appropriate due to the following:

- EPS is more reflective of the Group's underlying performance in terms of long term sustainable growth;
- To ensure relevance of the LTI for international employees;
- International expansion requires looking beyond ASX listed companies for a more meaningful performance comparison;
- Inherent volatility of the gaming industry makes TSR less relevant and reflective of underlying performance; and
- There are limited numbers of gaming industry companies in the ASX.

EPS growth is an absolute performance measure that refers to consolidated results of operating activities. Relative TSR measures the Group's notional return in the form of share price increases and dividends over the term against a comparison group of companies in the ASX300 that have the same Consumer Service GICS industry sector as the Company.

The Board believes that these two performance hurdles, in combination, serve to align the interests of the individual executives and employees with the interests of the Company's shareholders, as EPS growth is a key driver of company long-term share price performance, and relative TSR compared to the ASX300 comparator companies provides a comparison of the entities performance against potential alternative shareholder investment.

Vesting on each tranche is as follows:

Tranche 1		Tranche 2	
EPS growth	Vesting outcome	Company TSR percentile ranking	Vesting outcome
Less than 8.0% per annum	Nil vesting	Below 50th percentile	Nil vesting
8.0% per annum	25% vesting plus 1.25% for each 0.1% increase in EPS	50th percentile	50% vesting
10.0% per annum	50% vesting plus 2.0% for each 0.1% increase in EPS	Between 50th and 75th percentile	Pro-rata (sliding scale) percentage vesting
12.5% per annum or more	100% vesting	At or above 75th percentile	100% vesting

Rights that do not vest at the end of the vesting periods will lapse, unless the Board in its discretion determine otherwise. Upon cessation of employment prior to the vesting date, rights will be forfeited and lapse. Performance rights do not entitle holder to dividends that are declared during the vesting period. No adjustments to reported results from operating activities are made when the remuneration committee determines whether the EPS hurdle is achieved.

Short-term and long-term incentive structure

The RNC considers that the above performance-linked remuneration structure is generating the desired outcome. The evidence of this is:

- the growth in profits in recent years;
- the strong growth in international revenue;
- the performance-linked element of the structure appears to be appropriate because senior executives achieved a level of performance which qualifies them for performance limited incentives; and
- the high levels of retention among senior executives and key personnel.

In the current year the Group did not achieve the stretch targets although most segments met budgeted financial results. As a result the maximum short-term incentives were not achieved.

DIRECTORS' REPORT (continued)

for the year ended 30 June 2015

15. REMUNERATION REPORT – AUDITED (continued)

15.1 Principles of compensation – audited (continued)

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the RNC have regard to the following indices in respect of the current financial year and the previous four financial years.

	2015	2014	2013	2012	2011
Profit attributable to owners of the company	$70,353,000	$61,570,000	$52,202,000	$64,275,000	$23,121,000
Dividends paid	$32,227,000	$32,211,000	$9,661,000	$–	$–
Change in share price	**($1.17)**	**($0.29)**	**$1.93**	**$1.74**	**$0.27**

Profit is considered as one of the financial performance targets in setting the short-term incentive bonus. Profit amounts for 2011 to 2015 have been calculated in accordance with Australian Accounting Standards (AASBs).

Other benefits

Key management personnel receive additional benefits such as non-monetary benefits, as part of the terms and conditions of their appointment. Non-cash benefits typically include payment of club memberships and motor vehicles, and the Group pays fringe benefits tax on these benefits.

Service contracts

It is the Group's policy that service contracts for Australian key management personnel and key employees be unlimited in term but capable of termination by either party on 12 months' notice and that the Group retains the right to terminate the contracts immediately, by making payment equal to 12 months' pay in lieu of notice.

The Group has entered into service contracts with each Australian key management person that provide for the payment of benefits where the contract is terminated by the Group. The key management persons are also entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any accrued superannuation.

The service contract outlines the components of remuneration paid to the key management personnel but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the senior executive, retention of key personnel and any changes required to meet the principles of the remuneration policy.

Mr Danny Gladstone, Executive Director and Chief Executive Officer (CEO), has a contract of employment dated 5 February 2007 and amended on 7 December 2010 with the Company. The contract specifies the duties and obligations to be fulfilled by the CEO and provides that the board and CEO will early in each financial year, consult and agree objectives for achievement during that year.

The CEO has no entitlement to a termination payment in the event of removal for misconduct as specified in his service contract.

Refer to Note 28 of the financial statements for details on the financial impact in future periods resulting from the Group's commitments arising from non-cancellable contracts for services with key management personnel.

Non-executive directors

Total compensation for all non-executive directors, last voted upon by shareholders at the 2012 Annual General Meeting, is not to exceed $850,000 per annum, with effect from 1 July 2012. Directors' base fees are presently $120,000 per annum (excluding superannuation) and is set based on a review of fees paid to other non-executive directors of comparable companies. The fees paid to non-executive directors reflect the demands and responsibilities associated with their roles and the global nature of the operations within the highly regulated environment within which the Group operates. Fees incorporate an allowance for the onerous probity requirements placed on non-executive directors by regulators of the jurisdictions in which the Group operates or proposes to operate in. In addition to these fees the cost of reasonable expenses are reimbursed as incurred.

Non-executive directors do not participate in performance related compensation and are not provided with retirement benefits apart from statutory superannuation.

The Executive Chairman, CEO and Company Secretary do not receive any additional fees for undertaking Board or Committee responsibilities. Following a review undertaken by independent remuneration consultant, non-executive directors fees were assessed based on current market levels for comparable companies. It was recommended that base and committee fees be increased in line with these market conditions and to ensure the Board is appropriately compensated for the onerous regulatory requirements. Other independent non-executive directors who also chair or are a member of a committee receive a supplementary fee in addition to their annual remuneration. Current fees for directors, excluding superannuation were increased by 22% on average effective 1 July 2014 and are set out below.

POSITION	$ (per annum)
Australian resident non-executive director	120,000
Lead Independent non-executive director	10,000
Chair of Audit Committee	20,000
Chair of Regulatory and Compliance Committee	24,000
Chair of Remuneration and Nomination Committee	12,000
Member of Audit Committee	12,000
Member of Regulatory and Compliance Committee	15,000
Member of Remuneration and Nomination Committee	8,000

Services from remuneration consultants

The RNC, comprising of independent non-executive directors only, secured the services of an independent remuneration consultant (Remuneration Strategies Group Pty Ltd) to review current compensation levels of senior executives, including the structure, amount and elements of performance linked compensation of the key management personnel remuneration and provide recommendations in relation thereto. This review was assessed and confirmed by the RNC and Board and formed the basis for performance linked compensation for the FY15 STI and the expansion in March 2015 of current LTI arrangements. A total of $19,500 (including valuation of LTI grant during the year) was paid or payable to remuneration consultants during the year.

The engagement of a remuneration consultant by the RNC was subject to protocols where both members of the RNC and key management personnel were required to follow in developing and recommending remuneration matters to the Board.

The protocols included the prohibition of the consultant providing advice or recommendations to key management personnel, before the advice or recommendations were given to members of the RNC and only if the consultant was provided approval by the RNC to do so.

These arrangements ensured that the independent consultant was able to carry out their work, including information capture and the formation of its recommendations, free from undue influence by members of the key management personnel about whom the recommendations may relate.

In addition, the Board made its own inquiries and reviewed the processes and procedures followed by the remuneration consultant during the course of their assignment to ensure that they were satisfied that any remuneration recommendations are made free from undue influence.

The Board's inquiries included a summary of the way in which the remuneration consultant carried out any work, details of any interaction with key management personnel in relation to the assignment and other services, and further questions in relation to the assignment.

DIRECTORS' REPORT (continued)

for the year ended 30 June 2015

15. REMUNERATION REPORT – AUDITED (continued)

15.2 Directors' and executive officers' remuneration – audited

Details of the nature and amount of each major element of remuneration of each director of the Company, and other key management personnel of the consolidated entity are:

		Short-term				Post-employment	Other long term benefits		Share-based payments			
In AUD		Salary & fees $	STI cash bonus (A) $	Non-monetary benefits $	Total $	Super-annuation benefits $	(C) $	Termination benefits $	Rights (B) $	Total $	Proportion of remuneration performance related %	Value of options as proportion of remuneration %
Directors												
Current												
Mr GJ Campbell	2015	167,000	–	–	167,000	15,865	–	–	–	182,865	–	–
	2014	128,000	–	–	128,000	11,858	–	–	–	139,858	–	–
Mr MB Yates	2015	155,000	–	–	155,000	14,725	–	–	–	169,725	–	–
	2014	126,000	–	–	126,000	11,672	–	–	–	137,672	–	–
Mr CJ Henson	2015	141,000	–	–	141,000	13,395	–	–	–	154,395	–	–
	2014	116,000	–	–	116,000	10,740	–	–	–	126,740	–	–
Former												
Mr DH Macintosh (resigned 27 March 2015)	2015	106,400	–	–	106,400	10,108	–	–	–	116,508	–	–
	2014	119,000	–	–	119,000	11,019	–	–	–	130,019	–	–
Sub-total non-executive directors' remuneration	2015	569,400	–	–	569,400	54,093	–	–	–	623,493	–	–
	2014	489,000	–	–	489,000	45,289	–	–	–	534,289	–	–

In AUD		Short-term				Post-employment	Other long term benefits		Share-based payments			
		Salary & fees $	STI cash bonus (A) $	Non-monetary benefits $	Total $	Super-annuation benefits $	(C) $	Termination benefits $	Rights (B) $	Total $	Proportion of remuneration performance related %	Value of options as proportion of remuneration %
Executive directors												
Mr LH Ainsworth (Executive Chairman)	2015	305,000	–	30,000	335,000	28,975	–	–	–	363,975	–	–
	2014	250,000	–	30,000	280,000	23,125	–	–	–	303,125	–	–
Mr DE Gladstone (Chief Executive Officer)	2015	750,000	171,039	100,171	1,021,210	87,499	70,192	–	161,530	1,340,431	13%	12%
	2014	650,611	510,686	129,819	1,291,116	99,526	56,057	–	117,137	1,563,836	33%	7%
Total directors' remuneration	2015	1,624,400	171,039	130,171	1,925,610	170,567	70,192	–	161,530	2,327,899	7%	7%
	2014	1,389,611	510,686	159,819	2,060,116	167,940	56,057	–	117,137	2,401,250	21%	5%
Executives												
Mr ML Ludski – Chief Financial Officer/Company Secretary	2015	338,406	87,472	100,676	526,554	40,458	31,671	–	67,871	666,554	13%	10%
	2014	330,152	338,979	91,131	760,262	62,742	30,899	–	53,375	907,278	37%	6%
Mr V Bruzzese – General Manager Technical Services	2015	275,189	34,160	24,000	333,349	29,388	25,755	–	46,607	435,099	8%	11%
	2014	268,477	244,528	24,000	537,005	48,064	25,127	–	41,024	651,220	38%	6%
Mr I Cooper – General Manager Manufacturing	2015	241,968	30,393	24,498	296,859	25,874	22,646	–	41,128	386,507	8%	11%
	2014	236,066	216,215	26,064	478,345	42,377	22,093	–	36,807	579,622	37%	6%

DIRECTORS' REPORT (continued)

for the year ended 30 June 2015

15. REMUNERATION REPORT – AUDITED (continued)

15.2 Directors' and executive officers' remuneration – audited (continued)

In AUD		Short-term				Post-employment	Other long term benefits		Share-based payments			
		Salary & fees $	STI cash bonus (A) $	Non-monetary benefits $	Total $	Super-annuation benefits $	(C) $	Termination benefits $	Rights (B) $	Total $	Proportion of remuneration performance related %	Value of options as proportion of remuneration %
Executives												
Mr PS Clarebrough - Group General Manager Strategy and Development	2015	472,897	92,041	40,000	604,938	53,669	36,377	–	84,781	779,765	12%	11%
	2014	461,363	373,024	40,000	874,387	78,113	35,489	–	68,154	1,056,143	35%	6%
Total executives remuneration	2015	1,328,460	244,066	189,174	1,761,700	149,389	116,449	–	240,387	2,267,925	11%	11%
	2014	1,296,058	1,172,746	181,195	2,649,999	231,296	113,608	–	199,360	3,194,263	37%	6%
Total directors' and executive officers' remuneration	2015	2,952,860	415,105	319,345	3,687,310	319,956	186,641	–	401,917	4,595,824	9%	9%
	2014	2,685,669	1,683,432	341,014	4,710,115	399,236	169,665	–	316,497	5,595,513	30%	6%

Notes in relation to the table of directors' and executive officers' remuneration - audited

A. The short-term incentive bonus is for performance during the 30 June 2015 financial year using the criteria set out on pages 21-22. The amount was considered on 23 June 2015 by the RNC who recommended that bonuses be paid for the current period based on the previously approved incentive plan. In accordance with the STI program, 75 percent of the bonus is expected to be paid to senior executives in August 2015 with 25 percent to be paid in August 2016 provided the senior executive is in employment with the Company at that date.

B. The fair value of performance rights with the relative TSR and EPS conditions is calculated at the date of grant using the Black Scholes Merton simulation model after taking into account the impact of the TSR and EPS growth conditions during the vesting period. The value disclosed is the portion of the fair value of the rights recognised as an expense in each reporting period.

C. In accordance with AASB119 Employee Benefits, annual leave is classified as other long term employee benefit.

Details of performance related remuneration - audited

Details of the Group's policy in relation to the proportion of remuneration that is performance related is discussed on pages 21-23. Short term incentive bonuses have been provided to the extent these are payable within one year of 30 June 2015.

15.3 Analysis of bonuses included in remuneration – audited

Details of the vesting profile of the short-term incentive cash bonuses awarded as remuneration to each director of the Company, and other key management personnel are detailed below:

	Short term incentive bonus		
	Included in remuneration $ (A)	% vested in year (B)	% Forfeited in year (C)
Director			
Mr DE Gladstone	171,039	100%	55%
Executives			
Mr ML Ludski	87,472	100%	55%
Mr V Bruzzese	34,160	100%	65%
Mr I Cooper	30,393	100%	65%
Mr PS Clarebrough	92,041	100%	60%

A. Amounts included in remuneration for the financial year represent the amount accrued in the financial year based on achievement of personal goals and satisfaction of specified performance criteria. The RNC reviewed and approved these amounts on 23 June 2015 based on the criteria previously established and approved.

B. The amount vested in the year represented 75% of the STI amount awarded. The remaining 25% has been deferred for 12 months subject to service conditions.

C. The amounts forfeited are due to the performance criteria not being met in relation to the current financial year.

15.4 Equity instruments – audited

All rights and options refer to rights and options over ordinary shares of Ainsworth Game Technology Limited, unless otherwise stated, which are exercisable on a one-for-one basis under the ESOT and RST plans.

15.4.1 Rights over equity instruments granted as compensation – audited

Details on rights over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period are as follows:

Rights	Number of rights granted during 2015	Vesting condition	Grant date	Fair value at grant date ($)	Expiry date
Mr DE Gladstone	175,829	Earnings per share	17 March 2015	$2.27	17 March 2020
	87,227	Relative TSR	17 March 2015	$1.96	17 March 2020
Mr ML Ludski	64,016	Earnings per share	17 March 2015	$2.27	17 March 2020
	31,757	Relative TSR	17 March 2015	$1.96	17 March 2020
Mr V Bruzzese	35,085	Earnings per share	17 March 2015	$2.27	17 March 2020
	17,405	Relative TSR	17 March 2015	$1.96	17 March 2020
Mr I Cooper	31,384	Earnings per share	17 March 2015	$2.27	17 March 2020
	15,569	Relative TSR	17 March 2015	$1.96	17 March 2020
Mr PS Clarebrough	77,345	Earnings per share	17 March 2015	$2.27	17 March 2020
	38,370	Relative TSR	17 March 2015	$1.96	17 March 2020

DIRECTORS' REPORT (continued)

for the year ended 30 June 2015

15. REMUNERATION REPORT – AUDITED (continued)

15.4 Equity instruments – audited (continued)

All rights expire on the earlier of their expiry date or termination of the individual's employment. The rights are exercisable on 17 March 2018 and 17 March 2019. In addition to a continuing employment service condition, vesting of rights is conditional on the Group achieving certain performance hurdles. Details of the performance criteria are included in the long-term incentives discussion on pages 22-23. For rights granted in the current year, the earliest vesting date is 17 March 2018.

15.4.2 Modification of terms of equity-settled share-based payment transactions – audited

No terms of equity-settled share-based payment transactions (including performance rights granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

15.4.3 Exercise of options granted as compensation – audited

During the reporting period 145,700 shares (2014: 167,455 shares) were issued under the ESOT plan on the exercise of options previously granted as compensation. Options under the ASOT plan exercised during 2015 were 285,935 (2014: 4,814,459) which were transferred to the ASOT on behalf of employees from the Company's Executive Chairman, Mr LH Ainsworth.

15.4.4 Details of equity incentives affecting current and future remuneration – audited

Details of vesting profiles of rights held by each key management person of the Group are detailed below:

	Instrument (A)	Number	Grant date	% vested in year	% forfeited in year (B)	Financial years in which grant vests
Mr DE Gladstone	Rights	137,536	22 July 2013	– %	– %	2017-2018
	Rights	263,056	17 March 2015	– %	– %	2018-2019
Mr ML Ludski	Rights	61,084	22 July 2013	– %	– %	2017-2018
	Rights	95,773	17 March 2015	– %	– %	2018-2019
Mr V Bruzzese	Rights	44,911	22 July 2013	– %	– %	2017-2018
	Rights	52,490	17 March 2015	– %	– %	2018-2019
Mr I Cooper	Rights	39,490	22 July 2013	– %	– %	2017-2018
	Rights	46,953	17 March 2015	– %	– %	2018-2019
Mr PS Clarebrough	Rights	77,178	22 July 2013	– %	– %	2017-2018
	Rights	115,715	17 March 2015	– %	– %	2018-2019

A. The % forfeited in the year represents the reduction from the maximum number of rights available to vest.

15.4.5 Analysis of movements in equity instruments – audited

The movement during the reporting period, by value, of rights over ordinary shares in the Company held by each key management person of the Group is detailed below.

	Granted in year $ (A)	Amount paid on Exercise $	Value of rights exercised in year $ (B)	Forfeited in year $
Mr DE Gladstone	570,642	–	–	–
Mr ML Ludski	207,758	–	–	–
Mr V Bruzzese	113,866	–	–	–
Mr I Cooper	101,854	–	–	–
Mr PS Clarebrough	251,018	–	–	–

A. The value of rights granted in the year is the fair value of the rights calculated at grant date. The total value of the rights granted is included in the table above. This amount is allocated to remuneration over the vesting period (i.e. in years 1 July 2015 to 30 June 2019).

B. No rights were exercised during the year.

15.4.6 Rights over equity instruments – audited

The movement during the reporting period, by number of rights over ordinary shares in Ainsworth Game Technology Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2014	Granted as compensation	Exercised	Held at 30 June 2015	Vested during the year	Vested and exercisable at 30 June 2015
Rights						
Mr DE Gladstone(1)	137,536	263,056	–	400,592	–	–
Mr ML Ludski	61,084	95,773	–	156,857	–	–
Mr V Bruzzese	44,911	52,490	–	97,401	–	–
Mr I Cooper	39,490	46,953	–	86,443	–	–
Mr PS Clarebrough	77,178	115,715	–	192,893	–	–

(1) The rights granted to Mr DE Gladstone during the year are conditional on shareholder approval at the 2015 Annual General Meeting scheduled to be held in November 2015.

Rights held by key management personnel that are vested and exercisable at 30 June 2015 were Nil (2014: Nil). No rights or options were held by related parties of key management personnel.

Movements in shares

The movement during the reporting period in the number of ordinary shares in Ainsworth Game Technology Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

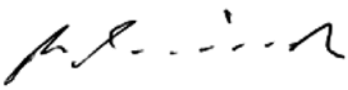
	Held at 1 July 2014	Received on exercise of options/rights	Sales on exercise of options under ASOT plan	Other changes(2)	Held at 30 June 2015
Mr LH Ainsworth	202,660,645	–	(285,934)	873,438	203,248,149
Mr GJ Campbell	300,000	–	–	–	300,000
Mr MB Yates	22,400	–	–	–	22,400
Mr CJ Henson	50,000	–	–	50,000	100,000
Mr DE Gladstone	5,000	–	–	23,000	28,000
Mr DH Macintosh(1)	40,000	–	–	25,000	65,000
Mr M Ludski	–	–	–	10,000	10,000
Mr V Bruzzese	3,500	–	–	7,000	10,500
Mr I Cooper	–	–	–	6,000	6,000
Mr PS Clarebrough	–	–	–	15,385	15,385

(1) Mr DH Macintosh resigned as a director on 27 March 2015.
(2) Other changes represent shares that were purchased or sold during the year.

No shares were granted to key management personnel during the reporting period as compensation in 2015 or 2014.

There were no changes in key management in the period after the reporting date and prior to the date when the Financial Report was authorised for issue.

This Directors' report is made out in accordance with a resolution of the directors:



LH Ainsworth
Executive Chairman

Dated at Sydney this 18th day of August 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

In thousands of AUD	*Note*	2015	2014
Assets			
Cash and cash equivalents	*18*	41,300	71,929
Receivables and other assets	*17*	110,722	93,663
Inventories	*16*	58,424	39,862
Prepayments		6,177	1,404
Investments		4,557	–
Total current assets		**221,180**	**206,858**
Receivables and other assets	*17*	36,312	21,690
Deferred tax assets	*15*	2,771	3,467
Property, plant and equipment	*13*	55,279	35,096
Intangible assets	*14*	33,090	21,549
Total non-current assets		**127,452**	**81,802**
Total assets		**348,632**	**288,660**
Liabilities			
Trade and other payables	*24*	29,391	28,582
Loans and borrowings	*21*	175	347
Employee benefits	*22*	9,202	11,343
Current tax liability		12,960	11,601
Provisions	*25*	754	687
Total current liabilities		**52,482**	**52,560**
Loans and borrowings	*21*	9,250	116
Employee benefits	*22*	905	682
Deferred tax liabilities	*15*	5,508	–
Total non-current liabilities		**15,663**	**798**
Total liabilities		**68,145**	**53,358**
Net assets		**280,487**	**235,302**
Equity			
Share capital		182,360	182,327
Reserves		116,385	74,491
Accumulated losses		(18,258)	(21,516)
Total equity		**280,487**	**235,302**

The notes on pages 36 to 74 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2015

In thousands of AUD	*Note*	2015	2014
Revenue	8	240,643	244,118
Cost of sales		(88,640)	(88,542)
Gross profit		**152,003**	**155,576**
Other income	9	445	396
Sales, service and marketing expenses		(38,943)	(30,626)
Research and development expenses		(25,431)	(26,380)
Administrative expenses		(18,606)	(20,288)
Other expenses		(3,815)	(432)
Results from operating activities		**65,653**	**78,246**
Finance income	12	28,712	3,857
Finance costs	12	(46)	(89)
Net finance income		**28,666**	**3,768**
Profit before tax		**94,319**	**82,014**
Income tax expense	15	(23,966)	(20,444)
Profit for the year		**70,353**	**61,570**
Other comprehensive income			
Items that may be reclassified to profit and loss:			
Foreign operations - foreign currency translation differences		5,428	284
Total other comprehensive income		**5,428**	**284**
Total comprehensive income for the year		**75,781**	**61,854**
Profit attributable to owners of the Company		**70,353**	**61,570**
Total comprehensive income attributable to the owners of the Company		**75,781**	**61,854**
Earnings per share:			
Basic earnings per share (AUD)	20	$0.22	$0.19
Diluted earnings per share (AUD)	20	$0.22	$0.19

The notes on pages 36 to 74 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

	Attributable to equity holders of the Company						
In thousands of AUD	Issued capital	Equity compensation reserve	Fair value reserve	Translation reserve	Profits reserve	Accumulated losses	Total equity
Balance at 1 July 2013	182,290	1,228	9,684	117	39,610	(28,511)	204,418
Total comprehensive income for the period							
Profit	–	–	–	–	–	61,570	61,570
Transfer between reserves	–	–	–	–	54,581	(54,581)	–
Other comprehensive income							
Foreign currency translation reserve	–	–	–	284	–	–	284
Total other comprehensive income	–	–	–	284	–	–	284
Total comprehensive income for the period	–	–	–	284	54,581	6,989	61,854
Transactions with owners, recorded directly in equity							
Issue of ordinary shares on exercise of share options	37	–	–	–	–	–	37
Dividends to owners of the Company	–	–	–	–	(32,211)	–	(32,211)
Share based payment transactions	–	1,204	–	–	–	–	1,204
Share based payment adjustment on non-vesting options	–	(6)	–	–	–	6	–
Total transactions with owners	37	1,198	–	–	(32,211)	6	(30,970)
Balance at 30 June 2014	**182,327**	**2,426**	**9,684**	**401**	**61,980**	**(21,516)**	**235,302**
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	–	–	–	–	–	70,353	70,353
Transfer between reserves	–	–	–	–	67,159	(67,159)	–
Other comprehensive income							
Foreign currency translation reserve	–	–	–	5,428	–	–	5,428
Total other comprehensive income	–	–	–	5,428	–	–	5,428
Total comprehensive income for the period	–	–	–	5,428	67,159	3,194	75,781
Transactions with owners, recorded directly in equity							
Issue of ordinary shares on exercise of share options	33	–	–	–	–	–	33
Dividends to owners of the Company	–	–	–	–	(32,227)	–	(32,227)
Share based payment transactions	–	1,598	–	–	–	–	1,598
Share based payment adjustment on non-vesting options	–	(64)	–	–	–	64	–
Total transactions with owners	33	1,534	–	–	(32,227)	64	(30,596)
Balance at 30 June 2015	**182,360**	**3,960**	**9,684**	**5,829**	**96,912**	**(18,258)**	**280,487**

The notes on pages 36 to 74 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

In thousands of AUD	*Note*	2015	2014
Cash flows (used in)/from operating activities			
Cash receipts from customers		234,551	243,750
Cash paid to suppliers and employees		(196,996)	(183,775)
Cash generated from operations		37,555	59,975
Income taxes paid		(17,305)	(2,288)
Borrowing costs paid		(47)	(90)
Net cash from operating activities	*18(a)*	**20,203**	**57,597**
Cash flows (used in)/from investing activities			
Interest received		3,358	2,590
Acquisitions of property, plant and equipment		(15,301)	(14,493)
Proceeds from call deposits		–	26,518
Payment for business acquisition		–	(548)
Acquisition of investment		(1,606)	–
Development expenditure	*14*	(9,430)	(7,099)
Acquisition of other intangibles	*14*	(5,551)	–
Net cash (used in)/from investing activities		**(28,530)**	**6,968**
Cash flows (used in)/from financing activities			
Proceeds from issue ordinary shares options		33	37
Dividend paid		(32,227)	(32,211)
Proceeds from borrowings		9,142	–
Payment of finance lease liabilities		(294)	(593)
Net cash used in financing activities		**(23,346)**	**(32,767)**
Net (decrease)/increase in cash and cash equivalents		(31,673)	31,798
Cash and cash equivalents at 1 July		71,929	40,135
Effect of exchange rate fluctuations on cash held		1,044	(4)
Cash and cash equivalents at 30 June		**41,300**	**71,929**

The notes on pages 36 to 74 are an integral part of these consolidated financial statements.

INDEX TO NOTES TO THE FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

1. REPORTING ENTITY

Ainsworth Game Technology Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is 10 Holker Street, Newington, NSW, 2127. The consolidated financial statements of the Company as at and for the year ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities'). The Group is a for-profit entity and primarily is involved in the design, development, manufacture, sale and servicing of gaming machines and other related equipment and services.

2. BASIS OF PREPARATION

a. Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 18 August 2015.

b. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for loans and borrowings with a Director related entity, which were measured initially at fair value and then subsequently carried at amortised cost.

c. Functional and presentation currency

The financial information of each of the Group's entities and foreign branches is measured using the currency of the primary economic environment in which it operates (the functional currency). As of 1 January 2014, The Company's US branch activities became a foreign operation.

These consolidated financial statements are presented in Australian dollars, which is the Company's primary functional currency.

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, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

d. Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in Note 14 - Intangible assets and Note 26 – Financial instruments (trade and other receivables).

3. CHANGES IN ACCOUNTING POLICIES

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 4 to all periods presented in these consolidated financial statements.

The Group has adopted the following amendments to a standard that is relevant to the Group with a date of initial application of 1 July 2014.

AASB 8 *Operating Segments*

The amendments to AASB 8 require an entity (i) disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators accessed in determining whether the operating segments have 'similar economic characteristics' and (ii) clarifies that a reconciliation of the total reportable segments assets to the entity's assets should only be provided if the segments assets are regularly provided to the chief operating decision-maker.

As a result of this amendment, the Group has applied amendment (i) and additional disclosure has been made in Note 7.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

a. Basis of consolidation

i. 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2015

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

ii. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements in accordance with AASBs.

iii. Acquisitions prior to 1 July 2004

As part of its transition to AASBs, the Group elected to restate only those business combinations that occurred on or after 1 July 2004. In respect of acquisitions prior to 1 July 2004, goodwill represents the amount recognised under the Group's previous accounting framework, Australian GAAP.

iv. Acquisitions on or after 1 July 2004

For acquisitions on or after 1 July 2004, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

b. Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance date are retranslated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

ii. Foreign operations

The assets and liabilities of foreign operations are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at the average exchange rates for the period.

Foreign currency differences are recognised in other comprehensive income and presented in the Translation Reserve in equity. When a foreign operation is disposed of such that control is lost, the cumulative amount in the Translation Reserve related to that foreign operation is transferred to the profit or loss, as part of gain or loss on disposal.

When the Group disposes of only a part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant portion of cumulative amounts is re-attributed to non-controlling interest.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation, are recognised in other comprehensive income and are presented in the translation reserve in equity.

c. Financial instruments

i. Non-derivative financial assets

Non-derivative financial assets comprise trade and other receivables and cash and cash equivalents.

Trade and other receivables are recognised on the date that they are originated. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value. Subsequent to initial recognition trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses.

The assessment amount of current and non-current receivable involves reviewing contractual term and how it compares to the current payment trend. When the current payment trend is less favourable from the contractual term, the Group will base the current and non-current on payment trend.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

ii. Non-derivative financial liabilities

Non-derivative financial liabilities comprise loans and borrowings and trade and other payables.

Debt securities issued and subordinated liabilities are initially recognised on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Loans and borrowings and trade and other payables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Where the terms and conditions of borrowings are modified, the carrying amount is remeasured to fair value. Any difference between the carrying amount and fair value is recognised in equity.

iii. Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

d. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Machines previously held as inventory are transferred to property, plant and equipment when a rental or participation agreement is entered into. When the rental or participation agreements cease and the machines become held for sale, they are transferred to inventory at their carrying amount. Proceeds are reflected in revenue while value disposed are recognised as cost of sale. These are treated as an operating cash flow.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognised net within “other income” in profit and loss.

ii. Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii. Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative periods are as follows:

— buildings	39 – 40 years
— leasehold improvements	10 years
— plant and equipment	2.5 – 20 years
— machines under rental or participation agreements	3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

e. Intangible assets

i. Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 4(a)(iii) and (iv). Goodwill is subsequently carried at cost less accumulated impairment losses (refer Note 4(h)).

ii. Research and development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure and discontinued projects that are expected to have no further economic benefit are recognised in profit or loss when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2015

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. Other intangible assets
Other intangible assets, which include service contracts, that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

iv. Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

v. Amortisation
Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefit embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

— capitalised development costs	4 years
— service contracts	8 years
— intellectual property	3 – 10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

f. Leased assets
Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Group's statement of financial position.

g. Inventories
Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

h. Impairment
i. Non-derivative financial assets
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not otherwise consider and indications that a debtor will enter bankruptcy.

Financial assets measured at amortised cost
The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific and collective level. All individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic, industry and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised in profit or loss and reflected in an allowance account against receivables. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss.

ii. Non-financial assets
The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date. An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, CGU or group of CGUs. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "CGU or group of CGUs"). The goodwill acquired in a business combination for the purpose of impairment testing, is allocated to CGUs or group of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs or group of CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU or group of CGUs to which the corporate asset is allocated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs and then to reduce the carrying amount of the other assets in the CGU or group of CGUs on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

i. Employee benefits

i. Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution superannuation funds are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

ii. Other long term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield rate at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations.

iii. Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

iv. Short term benefits

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers remuneration insurance and payroll tax. Non-accumulating non-monetary benefits, such as cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

A liability is recognised for the amount expected to be paid under short-term cash bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

v. Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2015

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The unwinding of the discount is recognised as a finance cost.

k. Warranties

A provision for warranties is recognised when the underlying products are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

l. Revenue

i. Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, allowances and trade discounts. Revenue is recognised when persuasive evidence exists usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Transfer of risks and rewards vary depending on the individual terms of the contract of sale.

When gaming machines, games, conversions and other incidental items are licensed to customers for extended periods, revenue is recognised on delivery for gaming machines and games and for other items including conversions on a straight line basis over the licence term. The revenue recognised for each item is based on the relative fair values of the items included in the arrangement.

ii. Services

Revenue from services rendered is recognised in profit or loss when the services are performed.

iii. Participation and rental

Participation revenue is revenue earned when the Group's owned machines are placed in venues either directly by the Group or indirectly through a licensed operator for a fee. The fee is calculated as either a daily fee or an agreed fee based upon a percentage of turnover of participating machines, depending on the agreement.

Revenue from rental of gaming machines is recognised in profit or loss on a straight line basis over the term of the rental agreement.

m. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

n. Finance income and finance costs

Finance income comprises interest income and foreign currency gains. Interest income is recognised in profit or loss as it accrues using the effective interest method.

Finance costs comprise interest expense on borrowings, foreign currency losses and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

o. Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences arising from: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Deferred tax is not recognised for taxable temporary differences arising from the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised, see Note 15.

p. Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

q. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

r. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 Financial Instruments (2014)

AASB 9 (2014), published in December 2014, replaces the existing guidance AASB 9 (2009), AASB 9 (2010) and AASB 139 *Financial Instruments: Recognition and Measurement* and is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The key changes introduced in AASB 9 (2014) are:

i. requirements for impairment of financial assets based on a three-stage 'expected loss' approach:

ii. limited amendments to classification and measurement of financial assets to add a third measurement category for debt instruments. The new category of fair value through other comprehensive income is added to the existing categories for debt instruments, i.e. amortised cost and fair value through profit or loss; and

iii. amendments to AASB 7 *Financial Instruments: Disclosures* that significantly expand the disclosures required in relation to credit risk.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 9 (2014).

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, AASB 111 *Construction Contracts*, AASB 118 *Revenue* and AASB 1004 *Contributions*. AASB 15 is effective from annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 15.

No other new standards, amendments to standards and interpretations are expected to affect the Group's consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2015

5. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i. Intangible assets

The fair value of customer contracts acquired in a business combination is based on the discounted cash flows expected to be derived from the use or eventual sale of these contracts. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

ii. Trade and other receivables/payables

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. The fair value of all other receivables/payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

iii. Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreements.

iv. Loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

v. Finance lease liabilities

The fair value is estimated as the present value of future cash flows, discounted at market interest rates for homogeneous lease agreements. The estimated fair values reflect changes in interest rates.

vi. Share-based payment transactions

The fair value of employee stock options is measured using the Black Scholes Merton model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

6. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from their use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established processes through the Group Audit Committee, which is responsible for developing and monitoring risk management policies. The Committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer, including the default risk of the industry and country in which customers operate. The Group's concentration of credit risk arises from its two most significant receivable amounts represented by a customer in Asia and customer in South America. They account for $5,422 thousand (2014: $306 thousand) and $7,843 thousand (2014: $4,369 thousand) of the trade receivables carrying amount at 30 June 2015 respectively.

Credit policy guidelines have been introduced under which each new customer is assessed by the compliance division as to suitability and analysed for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes investigations, external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Board. Customers that fail to meet the Group's creditworthiness criteria may only transact with the Group within established limits unless Board approval is received or otherwise only on a prepayment basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a distributor, operator or customer, geographic location, aging profile, maturity and existence of previous financial difficulties. The Group's trade and other receivables relate mainly to the Group's direct customers, operators and established distributors. Customers that are graded as "high risk" require future sales to be made on a prepayment basis within sales limits approved by the Chief Executive Officer and Chief Financial Officer, and thereafter only with Board approval.

The assessment amount of current and non-current receivables involves reviewing contractual term and how it compares to current payment trend. When the current payment trend is less favourable from the contractual term, the Group will base the current and non-current on payment trend.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables.

The Group has established an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

Guarantees

The Group's policy is to provide financial guarantees only for wholly-owned subsidiaries. At 30 June 2015 no guarantees were outstanding (2014: none).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has access to sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Australian dollar (AUD), but also the US dollar (USD). The currencies in which these transactions primarily are denominated are AUD, USD, Euro and New Zealand dollars (NZD). The Group regularly monitors and reviews, dependent on available facilities, the hedging of net assets denominated in a foreign currency. The Group has previously utilised currency call options to hedge its currency risk, most with a maturity of less than six months. No hedging arrangements were utilised during the reporting period.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group monitors its net exposure to address short-term imbalances in its exposure.

Interest rate risk

The Group's main interest rate risk arises from floating rate borrowings drawn under bank debt facilities.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board continues to monitor group performance so as to ensure an acceptable return on capital is achieved and that dividends are able to be provided to ordinary shareholders in the short term.

The Board continues to review alternatives to ensure present employees will hold 3-5% of the Company's ordinary shares. This is expected to be partially achieved assuming all outstanding share options issued vest and/or are exercised. These share options were issued on 1 March 2011 to all Australian employees over a portion of the Executive Chairman's shareholding under the ASOT plan and to US employees under the ESOT plan, see Note 23.

There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2015

7. 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 South America segments include the aggregation of the Group's other operating segments that are not separately reportable. Included in the NSW and North and South 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.

The Group has a large and dispersed customer base. The Group's largest customer accounts for only 3.4% of the total reportable revenue.

A reconciliation of segment result to net profit after tax is also included below.

Information about reportable segments

In presenting information on the basis of reportable segments, segment revenue is based on the geographical location of customers and relates to sales and servicing of gaming machines.

For the year ended 30 June 2015	Australia				Americas					
In thousands of AUD	NSW	QLD	VIC/TAS	South Aust/ N.T	North America	South America	Asia	New Zealand	Europe/ Other	Total
Reportable segment revenue	46,939	23,263	19,873	2,975	82,753	50,265	8,921	4,508	1,146	240,643
Result										
Segment result	19,683	12,475	12,757	1,596	38,122	20,198	5,105	2,796	622	113,354
Interest revenue not allocated to segments										1,386
Interest expense										(46)
Foreign currency gain										25,555
R&D expenses										(25,431)
Corporate and administrative expenses										(18,606)
Other expenses										(1,893)
Profit before tax										94,319
Income tax expense										(23,966)
Net profit after tax										70,353

Non-current assets, other than financial instruments and deferred tax assets, located in the entity's county of domicile (Australia) as at 30 June 2015 are $42,382 thousand (2014: $31,732 thousand). Non-current assets, other than financial instruments and deferred tax assets, located in foreign countries as at 30 June 2015 total $45,987 thousand (2014: $24,913 thousand), of which $38,345 thousand (2014: $22,682 thousand), are located in North America.

Information about reportable segments

In presenting information on the basis of reportable segments, segment revenue is based on the geographical location of customers and relates to sales and servicing of gaming machines.

For the year ended 30 June 2014	Australia				Americas					
In thousands of AUD	NSW	QLD	VIC/TAS	South Aust/ N.T	North America	South America	Asia	New Zealand	Europe/ Other	Total
Reportable segment revenue	61,689	41,333	31,955	8,281	58,512	31,883	4,158	5,313	994	244,118
Result										
Reportable segment profit	31,746	25,663	20,687	5,445	25,842	10,480	2,246	3,444	398	125,951
Interest revenue not allocated to segments										1,997
Interest expense										(89)
Foreign currency gain										823
R&D expenses										(26,380)
Corporate and administrative expenses										(20,288)
Other expenses										–
Profit before tax										82,014
Income tax expense										(20,444)
Net profit after tax										61,570

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2015

8. REVENUE

In thousands of AUD	*Note*	2015	2014
Sale of goods		213,278	225,479
Rendering of services		6,919	5,692
Rental and participation revenue		20,446	12,947
		240,643	244,118

9. OTHER INCOME

In thousands of AUD	2015	2014
Royalties income	364	299
Rental income from lease of machinery	76	73
Other income	5	24
	445	396

10. EXPENSES BY NATURE

In thousands of AUD		2015	2014
Changes in raw material and consumables, finished goods and work in progress	*16*	77,387	79,944
Employee benefits expense	*11*	51,938	50,455
Depreciation and amortisation expense	*13,14*	16,419	10,364
Legal expenses		1,362	1,949
Evaluation and testing expenses		6,271	4,903
Marketing expenses		3,954	3,320
Operating lease expenses	*27*	2,843	2,612
Impairment loss		1,245	595
Other expenses		14,016	12,126
		175,435	166,268

11. EMPLOYEE BENEFIT EXPENSES

In thousands of AUD	*Note*	2015	2014
Wages and salaries		43,368	39,099
Short term incentives		2,973	6,303
Contributions to defined contribution superannuation funds		3,034	3,229
Increase in liability for annual leave	*22*	97	166
Increase in liability for long service leave	*22*	850	446
Termination benefits		20	8
Equity settled share-based payment transactions		1,596	1,204
		51,938	50,455

12. FINANCE INCOME AND FINANCE COSTS

In thousands of AUD	2015	2014
Interest income on trade receivables	1,562	1,037
Interest income on bank deposits	1,386	1,997
Interest income on investment	209	–
Net foreign exchange gain	25,555	823
Finance income	28,712	3,857
Interest expense on financial liabilities	(46)	(89)
Finance costs	(46)	(89)
Net finance income recognised in profit or loss	28,666	3,768

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2015

13. PROPERTY, PLANT AND EQUIPMENT

In thousands of AUD	Land and buildings	Plant and equipment	Leasehold improvements	Total
Cost				
Balance at 1 July 2013	–	30,462	3,192	33,654
Re-classification of inventory to plant and equipment	–	15,461	–	15,461
Additions	7,833	6,598	1,100	15,531
Disposals	–	(8,151)	(1)	(8,152)
Effect of movements in foreign exchange	–	684	–	684
Balance at 30 June 2014	7,833	45,054	4,291	57,178
Balance at 1 July 2014	7,833	45,054	4,291	57,178
Re-classification of inventory to plant and equipment	–	18,346	–	18,346
Additions	8,768	4,258	2,473	15,499
Disposals	–	(8,691)	–	(8,691)
Effect of movements in foreign exchange	1,287	4,853	431	6,571
Balance at 30 June 2015	17,888	63,820	7,195	88,903
Depreciation and impairment losses				
Balance at 1 July 2013	–	16,845	274	17,119
Depreciation charge for the year	–	5,859	658	6,517
Disposals	–	(1,755)	–	(1,755)
Effect of movements in foreign exchange	–	201	–	201
Balance at 30 June 2014	–	21,150	932	22,082
Balance at 1 July 2014	–	21,150	932	22,082
Depreciation charge for the year	14	11,331	850	12,195
Disposals	–	(2,970)	–	(2,970)
Effect of movements in foreign exchange	–	2,168	149	2,317
Balance at 30 June 2015	14	31,679	1,931	33,624
Carrying amounts				
At 1 July 2013	–	13,617	2,918	16,535
At 30 June 2014	7,833	23,904	3,359	35,096
At 30 June 2015	17,874	32,141	5,264	55,279

Disposals in the table above includes sale of gaming machines previously under participation or rental agreements of $5,582 thousand (2014: $430 thousand) at net book value.

Leased plant and equipment

The Group leases plant and equipment and motor vehicles under hire purchase agreements. At the end of each of these agreements the Group has the option to purchase the equipment at a beneficial price. The leased equipment and guarantees by the Group secure lease obligations. Acquisition of plant and equipment including computer equipment and motor vehicles, by means of hire purchase agreements amounted to $38 thousand (2014: $48 thousand). At 30 June 2015, the net carrying amount of leased plant and equipment was $618 thousand (2014: $764 thousand).

14. INTANGIBLE ASSETS

In thousands of AUD	Goodwill	Development costs	Intellectual property	Nevada licence costs	Service contracts	Total
Cost						
Balance at 1 July 2013	2,436	20,540	836	1,583	–	25,395
Development costs capitalised during the year	–	7,099	–	–	433	7,532
Balance at 30 June 2014	2,436	27,639	836	1,583	433	32,927
Balance at 1 July 2014	2,436	27,639	836	1,583	433	32,927
Development costs / intellectual property capitalised during the year	–	9,430	5,551	–	–	14,981
Effects of movements in foreign currency	–	–	959	–	–	959
Balance at 30 June 2015	2,436	37,069	7,346	1,583	433	48,867
Amortisation and impairment losses						
Balance at 1 July 2013	–	7,028	503	–	–	7,531
Amortisation for the year	–	3,763	84	–	–	3,847
Balance at 30 June 2014	–	10,791	587	–	–	11,378
Balance at 1 July 2014	–	10,791	587	–	–	11,378
Amortisation for the year	–	2,061	2,018	–	145	4,224
Effects of movements in foreign currency	–	–	175	–	–	175
Balance at 30 June 2015	–	12,852	2,780	–	145	15,777
Carrying amounts						
At 1 July 2013	2,436	13,512	333	1,583	–	17,864
At 30 June 2014	2,436	16,848	249	1,583	433	21,549
At 30 June 2015	2,436	24,217	4,566	1,583	288	33,090

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2015

14. INTANGIBLE ASSETS (continued)

Amortisation charge and impairment loss

The amortisation charge is recognised in the following line items in the income statement:

In thousands of AUD	2015	2014
Cost of sales	2,163	84
Research and development expenses	2,061	3,763
	4,224	3,847

Impairment testing for development costs

The carrying amount of the Group's development costs amounts to $24,217 thousand (2014: $16,848 thousand), comprising of $20,798 thousand in development costs relating to product development and $3,419 thousand in development costs relating to online development activities. The impairment testing for these different development costs are performed separately as they generate or are expected to generate independent cash flows and are therefore allocated to separate cash-generating units ('CGUs'). The disclosure relating to the product development costs of $20,798 thousand are outlined below.

Product development costs

The determination of CGUs for the purposes of testing product development costs for impairment is consistent with last financial year. The Group has maintained that the most reasonable and consistent basis upon which to allocate development costs is to have the Group's research and development function ('Development CGU') recharge product development costs to the Group's other CGUs, which are in line with the Group's geographic operating segments.

Product development costs include development costs relating to products that are not yet available for sale and as such their recoverable amount is assessed at the end of each reporting period.

Product development costs are recharged from the Development CGU to individual CGUs, based on the forecasted unit sales of each individual CGU. Other assets, primarily property, plant and equipment, are allocated to the individual CGUs to which they relate. Assets that cannot be allocated to individual CGUs are allocated to the minimum collection of CGUs ('Groups of CGUs') to which they can be allocated on a reasonable and consistent basis.

The three main CGUs or Group of CGUs are: Development, Australia and other (comprised of the New South Wales, Queensland, South Australia, Victoria, Tasmania, Asia, New Zealand and Europe individual CGUs), and Americas (comprised of the North and South America individual CGUs).

The recoverable amount of each CGU or Group of CGUs was estimated based on its value in use. Value in use for each individual CGU and Group of CGUs was determined by discounting the future cash flows generated from continuing use of the product development costs over a four year period. Future cash flows are expected to be generated from the sales of machines and products and are based on the following key assumptions:

CGU / Groups of CGUs	Discount rate(1)	Average annual revenue growth rate(2)
Development	23.5%	24.6%
Australia and other	20.4%	17.0%
Americas	20.9%	24.7%
North America	20.2%	22.6%
South America	22.5%	28.1%

(1) Discount rates are pre-tax discount rates, which are based on the weighted average cost of capital.

(2) The average annual revenue growth rate presented above is calculated based on forecast revenue for 2016 to 2018, having regard to Board approved budgets, the Group's three year business plan, historical experience, actual operating results and strategic initiatives. Australia and other CGU revenue growths for the fourth and fifth year were forecasted at 3%. Americas CGU revenue growths for the fourth and fifth year were forecasted 18% and 15% respectively.

The allocation of goodwill, indefinite useful life intangible assets and other assets to the Groups of CGUs are as follows:

CGU / Groups of CGUs	Goodwill / indefinite useful life intangible assets '$000	Capitalised development costs '$000	Other assets '$000	Recoverable amount '$000
Development	–	20,798	6,073	51,221
Australia and other	–	–	12,778	136,341
Americas	1,583	–	40,005	162,749
North America	*1,583*	–	*8,123*	*122,229*
South America	–	–	*10,634*	*45,559*

Impairment testing for goodwill

Goodwill relates to acquired service businesses and entities in Australia. The recoverable amount of the Australian service CGU was estimated based on its value in use.

Value in use for the CGU was determined by discounting the future cash flows generated from the servicing of gaming machines and are based on the following key assumptions:

- Cash flows were projected based on actual operating results over a projected four year period. Cash flows for a further 10 year period were extrapolated using a constant growth rate of 3 percent, which does not exceed the long term average growth rate for the industry. Management believes that this forecast period was justified due to the long term nature of the service business;
- An average revenue annual growth rate of 4.4% for 2016 to 2018 based on the three year Board approved business plan, historical experience and actual operating results. All future years of the model use a constant growth rate of 3.0% which does not exceed the long term average growth rate for the industry; and
- A pre-tax discount rate of 14.1% based on the weighted average cost of capital.

As the recoverable amount of the CGU was estimated to be higher than the carrying amount of the Group, no impairment was considered necessary.

15. TAXES

Current tax expense

In thousands of AUD	2015	2014
Tax recognised in profit or loss		
Current tax expense		
Current year	(33,570)	(31,450)
Prior year adjustments	165	495
	(33,405)	(30,955)
Deferred tax benefit		
Timing differences movement	(79)	779
Recognition of R&D tax credits	9,518	9,732
	9,439	10,511
Total income tax expense	(23,966)	(20,444)

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2015

15. TAXES (continued)

Reconciliation of effective tax rate

In thousands of AUD	2015	2015	2014	2014
Profit before income tax		94,319		82,014
Income tax expense using the Company's domestic tax rate	(30.00%)	(28,296)	(30.00%)	(24,604)
Effective tax rates in foreign jurisdictions	(1.11%)	(1,046)	0.12%	102
Non-deductible expenses	(6.25%)	(5,892)	(10.01%)	(8,209)
Non-assessable income and concessions	10.09%	9,518	11.87%	9,735
Other tax concessions	1.76%	1,663	1.54%	1,259
Prior year adjustments	0.18%	165	0.60%	495
Recognition of previously unrecognised tax losses and timing differences	(0.08%)	(78)	0.95%	778
	(25.41%)	(23,966)	(24.93%)	(20,444)

Recognised deferred tax assets/liabilities

	Deferred Tax Assets		Deferred Tax Liabilities	
In thousands of AUD	2015	2014	2015	2014
Employee benefits	711	2,002	1,624	–
Provisions	2,221	1,739	319	–
Unrealised foreign exchange gain	–	–	(7,930)	–
Other items	(305)	(418)	479	–
Tax loss carry-forwards	144	144	–	–
Net tax assets/liabilities	2,771	3,467	(5,508)	–

The deductible temporary differences and tax losses do not expire under current tax legislation. R&D non-refundable tax offset credits are available to be applied against income tax payable in future years and do not expire under current tax legislation.

Management has assessed that the carrying amount of the deferred tax assets of $2,771 thousand should be recognised as management considers it probable that future taxable profits would be available against which they can be utilised.

16. INVENTORIES

In thousands of AUD	2015	2014
Raw materials and consumables	12,731	13,519
Finished goods	40,688	22,231
Stock in transit	5,005	4,112
Inventories stated at the lower of cost and net realisable value	58,424	39,862

During the year ended 30 June 2015 raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales amounted to $77,387 thousand (2014: $79,944 thousand).

A re-classification from inventory to property, plant and equipment of $18,346 thousand (2014: $15,461 thousand) was recorded to reflect gaming products for which rental and participation agreements were entered into during the year.

During the year ended 30 June 2015, the write down of inventories to net realisable value amounted to $402 thousand (2014: $6 thousand). The write down is included in cost of sales.

17. RECEIVABLES AND OTHER ASSETS

In thousands of AUD	*Note*	2015	2014
Current			
Trade receivables		112,061	95,384
Less impairment losses	*26*	(1,762)	(2,105)
		110,299	93,279
Other assets		423	384
		110,722	93,663
Non-current			
Trade receivables		36,312	21,690
		36,312	21,690

The Group realised impairment losses of $1,245 thousand (2014: $363 thousand) for the year ended 30 June 2015.

Receivables denominated in currencies other than the functional currency comprise $102,593 thousand of trade receivables denominated in US dollars (2014: $58,211 thousand), $1,281 thousand in New Zealand Dollars (2014: $1,406 thousand), and $56 thousand in Great Britain Pounds (2014: $20 thousand).

Leasing arrangements

Included in trade receivables are receivables from gaming machines that have been sold under finance lease arrangement. The lease payments receivable under these contracts is as follows:

In thousands of AUD	2015	2014
Minimum lease payments under finance leases are receivable as follows:		
Within one year	2,793	1,900
Later than one year but not later than 5 years	3,103	2,918
	5,896	4,818
Unearned finance income		
Within one year	232	177
Later than one year but not later than 5 years	349	350
	581	527
The present value of minimum lease payments is as follows:		
Within one year	2,561	1,723
Later than one year but not later than 5 years	2,754	2,568
	5,315	4,291
Lease receivables are classified as follows:		
Within one year	2,561	1,723
Later than one year but not later than 5 years	2,754	2,568
	5,315	4,291

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 26.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2015

18. CASH AND CASH EQUIVALENTS

In thousands of AUD	2015	2014
Bank balances	27,573	20,854
Cash deposits	13,727	51,075
Cash and cash equivalents in the statement of cash flows	41,300	71,929

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 26.

18A. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

In thousands of AUD	Note	2015	2014
Cash flows from operating activities			
Profit for the period		70,353	61,570
Adjustments for:			
Depreciation	*13*	12,195	6,517
Impairment losses on trade receivables	*26*	1,245	363
Amortisation of intangible assets	*14*	4,224	3,847
Net finance income	*12*	(28,666)	(3,768)
Loss on sale of property, plant and equipment		678	12
Unrealised currency translation movements		10,136	–
Equity-settled share-based payment transactions	*11*	1,596	1,204
Income tax expense	*15*	23,966	20,444
Operating profit before changes in working capital and provisions		95,727	90,189
Change in trade and other receivables	*17*	(34,251)	(12,725)
Change in inventories	*16*	(18,109)	(24,947)
Change in other assets		(4,773)	(638)
Change in trade and other payables		812	6,091
Change in provisions and employee benefits		(1,851)	2,005
		37,555	59,975
Interest paid		(47)	(90)
Income taxes paid		(17,305)	(2,288)
Net cash from operating activities		20,203	57,597

19. CAPITAL AND RESERVES

(a) Share capital

	Ordinary shares	
In thousands of shares	2015	2014
In issue at 1 July	322,193	322,026
Exercise of share options	146	167
In issue at 30 June – fully paid	322,339	322,193

(i) Ordinary shares
The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Issue of ordinary shares
During the year, 146 thousand ordinary shares were issued as a result of the exercise of vested options arising from the ESOT. Options were exercised at a price of $0.225 per option (see Note 23).

(b) Nature and purpose of reserve

(i) Equity compensation reserve
The equity compensation reserve represents the cost of share options issued to employees.

(ii) Fair value reserve
The fair value reserve comprises the cumulative net change in fair value of related party loans and borrowings where interest is charged at below market rates.

(iii) Translation reserve
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

(iv) Profits reserve
This reserve is comprised wholly of the profits generated by the Australian entity which would be eligible for distribution as a frankable dividend.

(c) Dividends

The following dividends were declared and paid by the Company for the year:

In thousands of AUD	2015	2014
10.0 cents per qualifying ordinary share (2014: 10.0 cents)	32,227	32,211

After the reporting date, the following dividends were proposed by the board of directors. The dividends have not been recognised as liabilities and there are no tax consequences.

In thousands of AUD	2015	2014
5.0 cents per qualifying ordinary share (2014: 5.0 cents)	16,117	16,110

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2015

20. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 30 June 2015 was based on the profit attributable to ordinary shareholders of $70,353 thousand (2014: $61,570 thousand) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2015 of 322,255 thousand (2014: 322,092 thousand), calculated as follows:

Profit attributable to ordinary shareholders

In thousands of AUD	*Note*	2015	2014
Profit for the period		70,353	61,570
Profit attributable to ordinary shareholders		70,353	61,570
Weighted average number of ordinary shares			
In thousands of shares			
Issued ordinary shares at 1 July	*19*	322,193	322,026
Effect of shares issued		62	66
Weighted average number of ordinary shares at 30 June		322,255	322,092
Total basic earnings per share attributable to the ordinary equity holders of the Company		$0.22	$0.19

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2015 was based on the profit attributable to ordinary shareholders of $71,949 thousand (2014: $62,774 thousand) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 324,586 thousand (2014: 323,830 thousand), calculated as follows:

Profit attributable to ordinary shareholders (diluted)

In thousands of AUD	2015	2014
Profit attributable to ordinary shareholders	70,353	61,570
Amortisation of performance rights (RST)	1,596	1,204
Profit attributable to ordinary shareholders (diluted)	71,949	62,774
Weighted average number of ordinary shares (diluted)		
In thousands of shares		
Weighted average number of ordinary shares at 30 June	322,255	322,092
Effect of rights and options on issue	2,331	1,738
Weighted average number of ordinary shares (diluted) at 30 June	324,586	323,830
Total diluted earnings per share attributable to the ordinary equity holders of the Company	$0.22	$0.19

21. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 26.

In thousands of AUD	2015	2014
Current		
Finance lease liabilities	175	347
Non-current		
Finance lease liabilities	111	116
Unsecured bank loan	9,139	–
	9,250	116

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

				2015		2014	
In thousands of AUD	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Finance lease liabilities	AUD	0.90-8.39%	2015-2018	298	286	484	463
Unsecured bank loan	USD	LIBOR+0.65%	2016	9,139	9,139	–	–
Total interest-bearing liabilities				9,437	9,425	484	463

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2015

21. LOANS AND BORROWINGS (continued)

Finance lease liabilities

Finance lease liabilities of the Group are payable as follows:

In thousands of AUD	Future minimum lease payments 2015	Interest 2015	Present value of minimum lease payments 2015	Future minimum lease payments 2014	Interest 2014	Present value of minimum lease payments 2014
Less than one year	184	9	175	362	15	347
Between one and five years	114	3	111	122	6	116
	298	12	286	484	21	463

The Group leases plant and equipment under finance leases with terms expiring from two to three years. At the end of the lease term, there is the option to purchase the equipment at a discount to market value, a price deemed to be a bargain purchase option.

22. EMPLOYEE BENEFITS

In thousands of AUD	2015	2014
Current		
Accrual for salaries and wages	752	667
Accrual for short term incentive plan	3,340	6,290
Liability for annual leave	3,009	2,912
Liability for long service leave	2,101	1,474
	9,202	11,343
Non–current		
Liability for long service leave	905	682
	905	682

23. SHARE-BASED PAYMENTS

(a) Description of share-based payment arrangements

(i) Share option and rights programmes (equity-settled)

The Group previously established share option programmes that entitled all eligible Group personnel to purchase shares in the Company at an exercise price of $0.225 per share. The Employee Share Option Trust (ESOT) granted share options over new ordinary shares to all American employees. The LH Ainsworth Share Option Trust (ASOT) granted share options to all Australian employees, excluding directors apart from the CEO, Mr Danny Gladstone, over a portion of the personal share holding of the Company's Executive Chairman, Mr LH Ainsworth. The ESOT and ASOT share option plans were a replacement to the employee share option plans previously granted.

On 22 July 2013 a new employee incentive plan was established whereby performance rights were granted to all eligible Group employees under the Rights Share Trust (RST). On 17 March 2015, a further grant on similar terms was offered to all eligible Group employees under the RST. Under the RST eligible employees were allocated performance rights over ordinary shares in the Company at nil consideration or exercise price however are dependent on service conditions, vesting conditions and performance hurdles.

The key terms and conditions related to the grants under these programmes are as follows; all options and rights are to be settled by the physical delivery of shares.

Grant date/employee entitled	Number of instruments	Vesting conditions	Contractual life of options
Option grant to senior and other employees at 1 March 2011	227,345	Three years of service as per ESOT below	5 years
Total share options ESOT	**227,345**		
Option grant to senior and other employees at 1 March 2011	300,764	Three years of service as per ASOT below	5 years
Total share options ASOT	**300,764**		
Rights grant to key management at 22 July 2013	360,199	Four years service and performance hurdles from grant date as per RST below	5 years
Rights grant to senior and other employees at 22 July 2013	1,009,507	Four years service and performance hurdles from grant date as per RST below	5 years
Rights grant to key management at 17 March 2015	573,987	Four years service and performance hurdles from grant date as per RST below	5 years
Rights grant to senior and other employees at 17 March 2015	1,978,359	Four years service and performance hurdles from grant date as per RST below	5 years
Total rights RST	**3,922,052**		

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2015

23. SHARE-BASED PAYMENTS (continued)

(a) Description of share-based payment arrangements (continued)

(i) Share option and rights programmes (equity-settled) (continued)

To be eligible to participate in the ESOT and ASOT the employee was selected by the directors and reviewed by the remuneration and nomination committee. Options may be exercised within a five-year period, starting on the first anniversary of the issue of the options, subject to earlier exercise where a takeover offer or takeover announcement is made, or a person becomes the holder of a relevant interest in 50% or more of the Company's voting shares.

Both the ESOT and ASOT provide for employees to receive options for no consideration. Each option is convertible to one ordinary share. Option holders have no voting or dividend rights. On conversion from option to ordinary shares, the issued shares will have full voting and dividend rights. The exercise price of the options is determined in accordance with the rules of the ESOT and ASOT. The ability to exercise the options is conditional on the continuing employment of the participating employee.

All vesting conditions of the share options issued on 1 March 2011 under the ESOT and ASOT were achieved in the 30 June 2014 financial year.

The vesting conditions of the performance rights issued on 22 July 2013 under the RST are as follows :

Date	Vesting condition (% of rights vesting)
1 September 2016	50%
1 September 2017	50%

In addition to the vesting conditions on rights granted under the RST, specific performance hurdles relative to Total Shareholder Return (TSR) relative targets and Earnings per Share (EPS) targets are required to be met as follows:

Vesting date of 1 September 2016:

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

The vesting conditions of the performance rights issued on 17 March 2015 under the RST are as follows :

Date	Vesting condition (% of rights vesting)
17 March 2018	50%
17 March 2019	50%

In addition to the vesting conditions on rights granted under the RST, specific performance hurdles relative to Total Shareholder Return (TSR) relative targets and Earnings per Share (EPS) targets are required to be met as follows:

Vesting date of 17 March 2018:

- 30% vest subject to the TSR target below with a fair value at grant date of $1.9974;
- 70% vest subject to the EPS target below with a fair value at grant date of $2.3164; and

The remaining 50% of the rights vest on 17 March 2019, of which:

- 30% vest subject to the TSR target below with a fair value at grant date of $1.9290; and
- 70% vest subject to the EPS target below with a fair value at grant date of $2.2289.

The TSR and EPS targets for all performance rights granted are as follows:

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.

EPS Targets

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

(b) Reconciliation of outstanding share options and rights

ESOT plan

The number and weighted average exercise prices of Group issued share options under ESOT is as follows:

In thousands of options	Weighted average exercise price 2015	Number of options 2015	Weighted average exercise price 2014	Number of options 2014
outstanding at the beginning of the period	$0.225	373	$0.225	567
forfeited during the period		–	$0.225	(27)
cancelled during the period		–		–
exercised during the period	$0.225	(146)	$0.225	(167)
granted during the period		–		–
outstanding at the end of the period	$0.225	227	$0.225	373
exercisable at the end of the period		227		373

The options outstanding at 30 June 2015 have an exercise price of $0.225 and a remaining life of 0.67 years. The weighted-average share price at the dates of exercise for share options exercised in 2015 was $2.81 (2014: $4.29).

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2015

23. SHARE-BASED PAYMENTS (continued)

(b) Reconciliation of outstanding share options and rights (continued)

ASOT plan

The share options granted under the ASOT to Australian employees on 1 March 2011 totalled 9,899,182. During the year no previously granted share options were cancelled and 285,935 were exercised with 300,764 share options outstanding as at 30 June 2015. The weighted-average share price at the dates of exercise for share options exercised in 2015 was $3.22 (2014: $4.32).

RST plan

The rights granted under the RST to all eligible Group employees totalled 4,046,289. During the year 124,237 were cancelled with 3,922,052 rights outstanding as at 30 June 2015. No rights were exercisable as at 30 June 2015.

(c) Measurement of fair values

The fair value of the performance rights granted on 22 July 2013 under the RST were as follows:

	TSR target	EPS target
Fair value at grant date		
– Vesting date 1 September 2016	$2.43	$3.24
– Vesting date 1 September 2017	$2.39	$3.17

The inputs used in the measurement of the above fair values at grant date of the equity settlement share based payment plan under the RST were as follows:

	RST plan
Share price at grant date	$3.46
Exercise price	–
Expected volatility	40.3%
Expected life	5 years
Expected dividends	2.1%
Risk-free interest rate (based on Treasury Bonds)	2.6%

The fair value of the performance rights granted on 17 March 2015 under the RST were as follows:

	TSR target	EPS target
Fair value at grant date		
– Vesting date 17 March 2018	$2.00	$2.32
– Vesting date 17 March 2019	$1.93	$2.23

The inputs used in the measurement of the above fair values at grant date of the equity settlement share based payment plan under the RST were as follows:

	RST plan
Share price at grant date	$2.60
Exercise price	–
Expected volatility	24.1%
Expected life	5 years
Expected dividends	3.9%
Risk-free interest rate (based on Treasury Bonds)	2.5%

The estimate of the fair value of the services received is measured based on the Black Scholes Merton model. The fair value of services received in return for share options and rights granted are measured by reference to the fair value of share options and rights granted. The contractual life of the option and right is used as an input into this model. Expectations of early exercise are incorporated into these models. The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options or rights), adjusted for any expected changes to future volatility due to publicly available information.

(d) Expense recognised in profit or loss
For details on the related employee benefit expenses, see Note 11.

24. TRADE AND OTHER PAYABLES

In thousands of AUD	2015	2014
Current		
Trade payables	8,008	12,544
Other payables and accrued expenses	21,129	15,958
Amount payable to director/shareholder controlled entities	254	80
	29,391	28,582

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 26.

Trade and other payables denominated in currencies other than the functional currency comprise $13,961 thousand of payables denominated in US Dollars (2014 $12,061 thousand), $120 thousand of payables denominated in Euro (2014: $13 thousand), $270 thousand of payables denominated in New Zealand Dollars (2014: $423 thousand), $42 thousand of payables denominated in Great Britain Pounds (2014: $2 thousand), $nil thousand of payables denominated in Canadian Dollars (2014: $10 thousand) and $20 thousand of payables denominated in Hong Kong Dollars (2014: $7 thousand).

25. PROVISIONS

In thousands of AUD	Service/ warranties	Legal	Total
Balance at 1 July 2014	549	138	687
Provisions made during the year	738	16	754
Provisions used during the year	(549)	(138)	(687)
Balance at 30 June 2015	738	16	754

26. FINANCIAL INSTRUMENTS

Credit risk

Exposure to credit risk

Trade and other receivables
The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

		Carrying amount	
In thousands of AUD	*Note*	2015	2014
Receivables	*17*	146,611	114,969
		146,611	114,969

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2015

26. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Exposure to credit risk (continued)

Trade and other receivables (continued)

The Group's gross maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

In thousands of AUD	2015	2014
Australia	39,848	55,278
Americas	98,781	59,500
Europe	241	63
New Zealand	1,991	1,406
Asia	7,512	827
	148,373	117,074

The Group's concentration of credit risk arises from its two most significant receivable amounts represented by a customer in Asia and a customer in South America. They account for $5,422 thousand (2014: $306 thousand) and $7,843 thousand (2014: $4,369 thousand) of the trade receivables carrying amount at 30 June 2015 respectively.

Cash and cash equivalents

The Group held cash of $27,573 thousand at 30 June 2015 (2014: $19,002 thousand) and $13,727 thousand of cash deposits at 30 June 2015 (2014: $52,927 thousand), which represents its maximum credit exposure on these assets. The cash and cash deposits are held with bank and financial institution counterparts, which are rated AA- to A-, based on rating agency Standard & Poor ratings.

Impairment losses

The aging of the Group's trade receivables at the reporting date was:

In thousands of AUD	Gross 2015	Impairment 2015	Gross 2014	Impairment 2014
Not past due	102,305	–	86,973	–
Past due 0-30 days	26,120	–	20,784	–
Past due 31-120 days	12,383	–	8,658	1,768
Past due 121 days to one year	3,733	1,376	659	337
More than one year	3,832	386	–	–
	148,373	1,762	117,074	2,105

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

In thousands of AUD	2015	2014
Balance at 1 July	2,105	2,089
Impairment loss written off	(1,864)	(319)
Provision during the year	1,245	363
Effect of exchange rate fluctuations	276	(28)
Balance at 30 June	1,762	2,105

The provision of $1,245 thousand (2014: $363 thousand) was recognised in other expenses in the income statement.

Based on historic default rates and current repayment plans in place, the Group believes that apart from the above, no impairment is necessary in respect of trade receivables not past due or on amounts past due as these relate to known circumstances that are not considered to impact collectability.

At 30 June 2015, an impairment loss of $1,364 thousand was brought to account in relation to amounts receivable from the termination of a distributor arrangement. The remainder of the impairment loss at 30 June 2015 related to several customers that have demonstrated poor payment history or in the process of receivership. The remaining balance where no impairment allowance has been provided relates to negotiated repayment plans from long standing customers and distributors who have met or had their obligations previously re-negotiated.

The allowance for impairment losses in respect of receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

30 June 2015

In thousands of AUD	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years
Non-derivative financial liabilities						
Finance lease liabilities	286	(297)	(153)	(30)	(108)	(6)
Unsecured bank loan	9,139	(9,139)	–	–	(9,139)	–
Trade and other payables	29,391	(29,391)	(29,391)	–	–	–
	38,816	(38,827)	(29,544)	(30)	(9,247)	(6)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

30 June 2014

In thousands of AUD	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years
Non-derivative financial liabilities						
Finance lease liabilities	463	(484)	(232)	(130)	(70)	(52)
Unsecured bank loan	–	–	–	–	–	–
Trade and other payables	28,582	(28,582)	(28,582)	–	–	–
	29,045	(29,066)	(28,814)	(130)	(70)	(52)

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2015

26. FINANCIAL INSTRUMENTS (continued)

Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the AUD.

The Group monitors and assesses under its Treasury Risk policy and facilities available whether hedging of all trade receivables and trade payables denominated in a foreign currency from time to time is considered appropriate. The Group uses foreign currency call options to hedge its foreign currency risk. No foreign currency call options were utilised during the year.

Exposure to currency risk

The Group's significant exposures to foreign currency risk at balance date were as follows, based on notional amounts:

	2015				2014			
In thousands	USD	Euro	NZD	GBP	USD	Euro	NZD	GBP
Trade receivables	102,593	–	1,281	56	58,211	–	1,406	20
Unsecured bank loan	(7,014)	–	–	–	–	–	–	–
Trade payables	(13,961)	(120)	(270)	(42)	(12,061)	(13)	(423)	(2)
Net exposure in statement of financial position	81,618	(120)	1,011	14	46,150	(13)	983	18

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2015	2014	2015	2014
USD	0.8377	0.9184	0.7680	0.9420
Euro	0.6965	0.6771	0.6866	0.6906
NZD	1.077	1.1097	1.1294	1.0761
GBP	0.5429	0.5674	0.4885	0.5531

Sensitivity analysis

In managing currency risks the Group aims to reduce the impact of short-term fluctuations on the Group earnings. Over the longer-term, however, permanent changes in foreign exchange will have an impact on profit/(loss).

A 10 percent strengthening of the Australian dollar against the following currencies at 30 June 2015 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis is performed on the same basis for 2014.

Effect in thousands of AUD	Equity	Profit or (loss)
30 June 2015		
USD	(10,900)	(8,057)
Euro	11	11
NZD	(92)	(92)
GBP	(1)	(1)
HKD	2	2
30 June 2014		
USD	(4,926)	(3,805)
Euro	1	1
NZD	(89)	(89)
GBP	(2)	(2)
HKD	–	–

A 10 percent weakening of the Australian dollar against the following currencies at 30 June would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis is performed on the same basis for 2014.

Effect in thousands of AUD	Equity	Profit or (loss)
30 June 2015		
USD	13,322	9,848
Euro	(13)	(13)
NZD	112	112
GBP	2	2
HKD	(2)	(2)
30 June 2014		
USD	7,397	4,184
Euro	(1)	(1)
NZD	98	98
GBP	2	2
HKD	–	–

Fair values

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

In thousands of AUD	*Note*	Carrying amount 2015	Fair value 2015	Carrying amount 2014	Fair value 2014
Assets carried at amortised cost					
Receivables and other assets	*17*	147,034	147,034	115,353	115,353
Cash and cash equivalents	*18*	41,300	41,300	71,929	71,929
		188,334	188,334	187,282	187,282

In thousands of AUD		Carrying amount 2015	Fair value 2015	Carrying amount 2014	Fair value 2014
Liabilities carried at amortised cost					
Trade and other payables	*24*	29,391	29,391	28,582	28,582
Unsecured bank loan		9,139	9,139	–	–
Finance leases	*21*	286	286	463	463
		38,816	38,816	29,045	29,045

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2015

26. FINANCIAL INSTRUMENTS (continued)

Fair values (continued)

Estimates of fair values

The methods used in determining the fair values of financial instruments are discussed in Note 5.

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve as of 30 June 2015 plus an adequate constant credit spread and are as follows:

	2015	2014
Receivables	6.00% - 9.64%	6.00% - 10.25%
Unsecured bank loan	LIBOR + 0.65%	–
Leases	0.90% - 8.39%	2.90 - 8.39%

Interest rate risk

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) profit or loss. An increase in 100 basis points would lead to a decrease in profit by $21 thousand and a decrease in 100 basis points would lead to an increase in profit by $21 thousand. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

27. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In thousands of AUD	2015	2014
Less than one year	2,470	2,386
Between one and five years	8,983	9,414
More than five years	1,190	2,982
	12,643	14,782

The Group leases a number of warehouse and office facilities under operating leases. The leases typically run for a period of 1-10 years, with an option to renew the lease after that date. Lease payments are increased every year either by annual increases of 2-4% per annum, or by market rent reviews at stipulated dates. None of the leases include contingent rentals.

During the year $2,843 thousand was recognised as an expense in profit or loss in respect of operating leases (2014: $2,612 thousand).

The warehouse and office lease are combined leases of land and buildings. Since the land title does not pass, the rent paid to the landlord for the building is increased to market rent at regular intervals, and the Group does not participate in the residual value of the building, it was determined that substantially all the risks and rewards of the building are with the landlord. As such, the Group determined that the leases are operating leases.

28. CAPITAL AND OTHER COMMITMENTS

In thousands of AUD	2015	2014
Plant and equipment		
Contracted but not yet provided for and payable:		
Within one year	2,856	565
Employee compensation commitments		
Key management personnel		
Commitments under non-cancellable employment contracts not provided for in the financial statements and payable:		
Within one year	2,466	2,248

In addition to the amounts identified above, the Group has entered into various agreements with contractors in relation to the construction of the Las Vegas facility. The contracts are cancellable by the Group for convenience with the exposure limited to reasonable overhead and profit on work not executed. As this cannot be calculated with sufficient reliability, no amount for this has been disclosed.

29. RELATED PARTIES

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors

Current

Mr GJ Campbell

Mr MB Yates

Mr CJ Henson - (subject to regulatory approval in the jurisdictions of Missouri and Alberta)

Former

Mr DH Macintosh - (subject to regulatory approval in the jurisdictions of Missouri and Alberta)

Executive directors

Mr LH Ainsworth (Executive Chairperson)

Mr DE Gladstone (Executive Director and Chief Executive Officer, Ainsworth Game Technology Limited)

Executives

Current

Mr ML Ludski (Chief Financial Officer and Company Secretary, Ainsworth Game Technology Limited)

Mr V Bruzzese (General Manager Technical Services, Ainsworth Game Technology Limited)

Mr I Cooper (General Manager, Manufacturing, Ainsworth Game Technology Limited)

Mr S Clarebrough (Group General Manager, Strategy and Development, Ainsworth Game Technology Limited).

Key management personnel compensation

The key management personnel compensation included in 'employee benefit expenses' (see Note 11) is as follows:

In AUD	2015	2014
Short-term employee benefits	3,687,309	4,710,115
Post-employment benefits	319,957	399,236
Share based payments	401,917	316,497
Other long term benefits	186,640	169,665
	4,595,823	5,595,513

Individual directors and executives compensation disclosures

Information regarding individual directors and executives compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 is provided in the Remuneration Report section of the Directors' Report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Other key management personnel transactions

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of those entities transacted with the Group during the year. Other than as described below the terms and conditions of the transactions with key management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2015

29. RELATED PARTIES (continued)

The aggregate value of transactions and outstanding balances relating to key management personnel and their related parties were as follows:

			Transactions value year ended 30 June		Balance receivable/ (payable) as at 30 June	
In AUD		*Note*	2015	2014	2015	2014
Key management person	**Transaction**					
Mr LH Ainsworth	Leased plant and equipment and other costs	*(i)*	62,400	62,400	–	–
Mr LH Ainsworth	Sales revenue	*(ii)*	1,381,806	931,326	48,974	–
Mr LH Ainsworth	Purchases and other charges for payments made on behalf of the Company	*(ii)*	174,617	343,514	–	–
Mr LH Ainsworth	Operating lease rental costs	*(iii)*	1,582,824	1,550,935	(254,912)	(79,705)

(i) The Company leased associated plant and equipment from an entity controlled by Mr LH Ainsworth on normal commercial terms and conditions.

(ii) Transactions were with Ainsworth (UK) Ltd and Associated World Investments Pty Ltd, entities controlled by Mr LH Ainsworth. These sales are on normal commercial terms i.e. at arm's length, but purchases are on a direct recharge.

(iii) Operating leases rental costs of the premises at Newington from an entity controlled by Mr LH Ainsworth on normal commercial terms and conditions.

In addition to the transactions above, AGT Pty Argentina S.R.L. was incorporated in FY13 with the shareholding currently held in trust by Mr D Gladstone and an officer of Ainsworth Game Technology Inc. on behalf of the Group. This shareholding is in the process of being transferred and was originally structured to facilitate the incorporation within Argentina.

Amounts receivable from and payable to key management personnel and their related parties at reporting date arising from these transactions were as follows:

In AUD	2015	2014
Assets and liabilities arising from the above transactions		
Current receivables and other assets		
Trade receivables	48,974	–
Current trade and other payables		
Amount payable to director/shareholder controlled entities	254,912	79,705

30. GROUP ENTITIES

	Country of Incorporation	Ownership Interest 2015	Ownership Interest 2014
Parent entity			
Ainsworth Game Technology Limited	Australia		
Subsidiaries			
AGT Pty Ltd	Australia	100%	100%
AGT Pty Mexico S. de R.L. de C.V.	Mexico	100%	100%
AGT Pty Peru S.A.C.	Peru	100%	100%
AGT Pty Argentina S.R.L.	Argentina	100%	100%
AGT Alderney Limited	Alderney	100%	100%
Ainsworth Game Technology Inc	USA	100%	100%
Ainsworth Interactive Pty Ltd	Australia	100%	–
AGT Service Pty Ltd	Australia	100%	100%
AGT Service (NSW) Pty Ltd	Australia	100%	100%
J & A Machines Pty Ltd	Australia	100%	100%
RE & R Baker & Associates Pty Ltd	Australia	100%	100%
Bull Club Services Pty Ltd	Australia	100%	100%

31. SUBSEQUENT EVENTS

After the reporting date, the Company declared a franked dividend of 5.0 cents per ordinary share amounting to $16,117 with an expected payment date of 29 September 2015. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2015 and will be recognised in subsequent financial reports.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any 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.

32. AUDITOR'S REMUNERATION

In AUD	2015	2014
Audit and review services		
Auditors of the Company – KPMG		
Audit and review of financial statements	260,000	258,000
Other regulatory audit services	30,000	–
	290,000	258,000
Other services		
Auditors of the Company – KPMG		
In relation other assurance, due diligence and taxation	707,759	–

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2015

33. PARENT ENTITY DISCLOSURES

As at and throughout the financial year ended 30 June 2015 the parent entity of the Group was Ainsworth Game Technology Limited.

In thousands of AUD	2015	2014
Result of parent entity		
Profit for the year	68,982	59,806
Total comprehensive income for the year	68,982	59,806
Financial position of parent entity at year end		
Current assets	179,743	194,233
Total assets	329,468	280,955
Current liabilities	39,086	45,526
Total liabilities	54,996	49,638
Total equity of parent entity comprising of:		
Share capital	182,360	182,327
Equity compensation reserve	9,061	2,759
Fair value reserve	9,684	9,684
Profit reserves	96,913	61,980
Accumulated losses	(23,546)	(25,433)
Total equity	**274,472**	**231,317**

Parent entity capital commitments for acquisitions of property plant and equipment

In thousands of AUD	2015	2014
Plant and equipment		
Contracted but not yet provided for and payable:		
Within one year	2,856	565

DIRECTORS' DECLARATION

1. In the opinion of the directors of Ainsworth Game Technology Limited (the 'Company'):
   a. the consolidated financial statements and notes that are set out on pages 32-74 and the Remuneration report in sections 15.1 to 15.4 in the Directors' report, are in accordance with the *Corporations Act 2001*, including:
      i. giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
      ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2015.
3. The directors draw attention to Note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

LH Ainsworth
Executive Chairman

Dated at Sydney this 18th day of August 2015.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AINSWORTH GAME TECHNOLOGY LIMITED

Report on the financial report

We have audited the accompanying financial report of Ainsworth Game Technology Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2015, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, Notes 1 to 33 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement whether due to fraud or error. In Note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial repbrt is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report. We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

a. the financial report of the Group is in accordance with the *Corporations Act 2001*, including:
    i. giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
    ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AINSWORTH GAME TECHNOLOGY LIMITED
(continued)

Report on the remuneration report

We have audited the Remuneration Report included in 15.1 to 15.4 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Ainsworth Game Technology Limited for the year ended 30 June 2015, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Tony Nimac
Partner

Sydney
18 August 2015

LEAD AUDITOR'S INDEPENDENCE DECLARATION

KPMG

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 audit for the financial year ended 30 June 2015 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Tony Nimac
Partner

Sydney
18 August 2015

CORPORATE DIRECTORY

CORPORATE DIRECTORY

Executive Chairman
Mr LH Ainsworth

Independent Non-Executive Directors
Mr GJ Campbell
Mr MB Yates
Mr CJ Henson

Chief Executive Officer and Executive Director
Mr DE Gladstone

Company Secretary and Chief Financial Officer
Mr ML Ludski

Securities Exchange Listing
The Company is listed on the Australian Securities Exchange. The Home Exchange is Sydney.
CODE: AGI

Website
www.ainsworth.com.au

Share Registry
Computershare Investor Services Pty Ltd
Level 3, 60 Carrington Street,
Sydney NSW Australia 2001

Tel: 1300 850 505 (within Aust)
+61 3 9415 4000 (outside Aust)
Fax: +61 3 9473 2500

Auditor
KPMG
10 Shelley Street
Sydney NSW Australia 2000

Tel: +61 2 9335 7000
Fax: +61 2 9299 7001

Other Information
Ainsworth Game Technology Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

OFFICES

AUSTRALIA

Corporate and Head Office
10 Holker Street,
Newington NSW Australia 2127

Tel: +61 2 9739 8000
Fax: +61 2 9648 4327
Email: enquiries@ainsworth.com.au

Queensland
Unit 5 / 3990 Pacific Highway
Loganholme QLD Australia 4129

Tel: +61 7 3209 6210
Fax: +61 7 3209 6510
Email: glen.coleman@ainsworth.com.au

Victoria
Mr Wayne Flood
State Sales Manager

Tel: +61 0419 551 454
Email: wayne.flood@ainsworth.com.au

South Australia
Mr Peter Black
State Sales Manager

Tel: +61 0427 465 645
Email: peter.black@ainsworth.com.au

THE AMERICAS

Nevada
6975 S. Decatur Blvd. Suite 140
Las Vegas, NV 89118 USA

Tel: +1 (702) 778-9000
Fax: +1 (702) 778-9001
Email: enquiries@ainsworth.com.au

Florida
6600 NW 12 Avenue, Suite 201
Ft. Lauderdale, FL 33309 USA

Tel: +1 (954) 317-5500
Fax: +1 (954) 317-5555
Email: enquiries@ainsworth.com.au

ASIA

Malaysia
Mr Jonathan Siah
Key Account Sales Executive

Tel: +60 1225 40866
Email: jonathan.siah@ainsworth.com.au

Macau
Mr Jim Tang
Key Account Sales Executive

Tel: +853 6648 5180
Email: jim.tang@ainsworth.com.au

www.ainsworth.com.au

AINSWORTH GAME TECHNOLOGY

10 Holker Street, Newington
New South Wales, Australia 2127

T. +61 2 9739 8000
F. +61 2 9648 4327

www.ainsworth.com.au