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

Appendix 4D and Half-Year Financial Report

31 December 2003

Ainsworth Game Technology Limited and its controlled entities

Results for announcement to the market

	Up / Down	% Change		Half Year ended 31 December 2003 A$'000
Revenues from ordinary activities	up/~~down~~	58%	to	29,223
Profit from ordinary activities after tax attributable to members	up/~~down~~	N/A	to	655
Profit from extraordinary items after tax attributable to members				-
Net profit for the period attributable to members	up/~~down~~	N/A	to	655

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

Record date for determining entitlements to the dividend	Not applicable

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

Refer Executive Chairman's review and Review of Operations section within the attached Directors' Report.

NTA backing	Current period	Previous corresponding Period
Net tangible asset backing per ordinary security	$0.25	$0.31

Ainsworth Game Technology Limited and its controlled entities

Executive Chairman's Review

During the six months ended 31 December 2003, significant activities and progress took place. I am pleased to report that our revenue for the half year ended 31 December 2003 was $29.2 million, a 59% increase on the corresponding period in 2002. This resulted in the Company achieving its maiden profit of $0.7 million for the first half of the 2004 year.

The increase in revenue was achieved by introducing an expanded product range to our customer base. Three different models were on offer compared to the single model in the previous corresponding period. As a consequence, unit sales increased 131% from the previous corresponding period as customers were able to select from either the advanced Ambassador models or the more competitively priced Celebrity model.

Through the establishment of an enhanced sales and distribution network we were able also to successfully develop international markets to the extent that approximately 50% of sales were derived domestically and 50% from overseas markets. This enabled us to offset the difficult conditions currently prevailing within Australia, particularly NSW and Queensland. Access to the South Australian market was available for the full period under review following achievement of product approval in May 2003.

With product from two factories (Sydney and Victorian Gaming Systems in Melbourne) we were able to meet the increased demand, while improving gross margins in the current period.

Our overhead and management structure was realigned during the period to strengthen and more closely link marketing and sales with research and development while reducing general administrative overheads. This will make AGT more responsive to future changes in markets and in new technology.

The recent growth in international sales placed significant calls on our financing reserves. These were supplemented through the recent rights issue, successfully completed in December 2003.

Foreign currency changes have impacted to a small extent during the period. The main foreign currency exposure arises from the translation at balance date of net assets denominated in foreign currencies. This arises where the assets exceed liabilities for USA denominated balances. For the period ended 31 December 2003 a translation loss of A$34,000 arose from converting such US dollar exposures. Export sales are invoiced in US dollars and as the Company imports a large number of parts priced in US dollars, a natural hedge was provided.

Continued focus on corporate governance, probity and licensing, while seeking approvals in additional jurisdictions, will ensure the Company can continue to meet opportunities as and when they arise.

Our outlook remains cautiously optimistic with an increasing focus internationally, whilst further improving performance in Australia.

LH Ainsworth
Executive Chairman

Directors' report

The directors present their report together with the consolidated financial report for the half year ended 31 December 2003 and the review report thereon.

Directors

The directors of Ainsworth Game Technology Limited (the "Company") at any time during or since the end of the half-year are:

Director	Period of directorship
Mr Leonard H Ainsworth Chairman	Director since 7 March 1995
Mr Andrew R Amer	Appointed 3 October 2003
Mr John M Cowling	Appointed 21 August 2003
Mr Stewart L Wallis AO	Director since 21 February 2002
Mr Vivian B Matthews	Appointed 21 August 2003
Mr Peter R James	Director since 1 July 2002, retired 21 August 2003
Mr John Kehoe	Director since 21 February 2002, retired 21 August 2003
Mr David C Hall	Director since 21 February 2002, retired 21 August 2003

Principal activities

The principal activities of the consolidated entity during the course of the half-year were the design, development and sale of gaming machines and other related equipment and services.

There were no significant changes in the nature of the activities of the consolidated entity during the period.

Directors' report (continued)

Review of operations

Revenue

Sales revenue of $29.2 million was achieved during the six months ended 31 December 2003, an increase of 59% on the previous corresponding period in 2002.

Domestic sales revenue contributed to 49% of total sales for the period compared to 91% in the corresponding period in 2002. Market conditions continued to remain difficult domestically, however the Company introduced the Celebrity product within NSW.

Gaming machine units sold in NSW increased over the preceding corresponding period due to the introduction of the Celebrity product which was priced at a lower level than the Company's premium Ambassador products. Sales of lower priced products reduced overall revenues within this jurisdiction. Sales to South Australia commenced in May 2003 following product approval and contributed 22% of total domestic sales revenue.

Internationally the consolidated entity achieved $14.9 million in sales revenue, an increase of 842% on the previous corresponding period in 2002. This increase was primarily due to the Company's drive into Europe and the new relationship established with Unicum Limited, which contributed 55% of international sales revenue. Significant increases were also experienced in other international markets, namely Asia and the Caribbean.

Operating costs

Cost of sales during the period under review were $16.6 million resulting in a gross margin of 43% compared to 37% for the corresponding period in 2002.

Operating costs from ordinary activities excluding costs of sales, totalled $11.7 million for the six months ended 31 December 2003 compared to $11.4 million for the corresponding period in 2002, an increase of $0.3 million.

Research and development expenditure was $3.5 million compared to $3.8 million for the corresponding period in 2002, a reduction of 7%. As a percentage of sales revenue, research and development expenditure fell to 12% compared to 20% in the previous corresponding period in 2002, which reflected the success of previous development programs.

Administration expenditure totalled $2.5 million, a reduction of 22% on the previous corresponding period in 2002. This follows the restructure of the company and management that occurred during August 2003.

Sales, service and marketing expenses were $5.7 million, compared to $4.5 million in the previous corresponding period in 2002. This represented an increase of 27% and was a direct result of the increase in sales revenue and further international expansion to support the strong growth being achieved for the Company's expanded product range. The Company has established subsidiary companies in Austria, the United States of America and New Zealand to support its international expansion plans and support growth being experienced.

Marketing expenses for the period under review totalled $1.2 million, an increase of 15% on the previous corresponding period in 2002. This increase was due to marketing efforts in supporting the Company's expanded product range and further concentration in international markets. The company exhibited at various trade shows during the current period under review, including the Australasian Gaming Expo (AGE), the Global Gaming Expo (GGE) – held in Las Vegas, the Hospitality Association of NZ (HANZ), and the South Australian Hospitality Expo (AHA).

Directors' report (continued)

Review of operations (continued)

Net interest expense

Net interest expense for the period was $0.3 million compared to net interest revenue of $0.1 million in the corresponding period in 2002.

Interest was primarily paid/payable on borrowings under financing facilities established with Mr LH Ainsworth and on the deferred balance owing from the acquisition of the business and intellectual property of Victorian Gaming Systems Manufacturing Pty Ltd.

Income tax

The consolidated entity had no income tax expense during the period under review due to previous losses incurred.

Operating profit after income tax

The profit from ordinary activities after income tax for the six months ended 31 December 2003 was $0.7 million compared to a loss of $4.6 million in the previous corresponding period in 2002.

As announced on 23 October 2003, this profit was achieved after an operating loss of $2.2 million was incurred for the quarter ended 30 September 2003. The result for the period under review is in line with previous guidance provided in that the Company anticipated a small profit for the half year ending 31 December 2003. This improvement was as a result of the substantial orders received, including the substantial European order, together with a sharp increase in sales of recently launched new products.

Cash flow

The cash outflow from operations for the six months ended 31 December 2003 was $6.5 million. This was a direct result of funding the significant build up of working capital required to fulfil orders on hand as at the reporting date.

Funds raised from the rights issue as outlined below, were $13.5 million which were used to finance business growth, fund increased working capital and reduce gearing by repaying borrowings. During the period under review $6.0 million, as outlined in the prospectus dated 10 November 2003, was repaid to Associated World Investments Pty Ltd ("AWI"), a company controlled by Mr LH Ainsworth.

The unutilised funds available at the reporting date under the previously established facility with AWI were $11.0 million. Of this balance available for drawdown, $5.0 million was under a stand-by facility, which is subject to acceptable security being provided.

Rights issue

The Company issued 32,860,377 new shares at a subscription price of $0.41 per new share by way of a renounceable rights issue. This issue was in the ratio of two new shares for every seven shares held as outlined in the prospectus dated 10 November 2003.

Ainsworth Game Technology Limited and its controlled entities

Directors' report (continued)

Rounding off

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

Dated at Sydney on this 17th day of February 2004.

Signed in accordance with a resolution of the directors.

LH Ainsworth
Director

Ainsworth Game Technology Limited and its controlled entities

Statement of financial performance
For the half-year ended 31 December 2003

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000
Revenue from sale of goods		29,198	18,336
Other revenues from ordinary activities		25	154
Total revenue		29,223	18,490
Expenses from ordinary activities:			
Cost of goods sold		(16,559)	(11,638)
Sales, service and marketing expenses		(5,673)	(4,470)
Research and development expenses		(3,503)	(3,751)
Administrative expenses		(2,494)	(3,191)
Borrowing costs		(339)	(38)
Profit/(loss) from ordinary activities before related income tax expense/(benefit)		655	(4,598)
Income tax expense/(benefit) relating to ordinary activities	2	-	-
Net profit/(loss)	4	655	(4,598)
Basic earnings per share (cents)		0.6	(4.0)
Diluted earnings per share (cents)		0.6	(4.0)

The statement of financial performance is to be read in conjunction with the notes to the half-year financial statements set out on pages 10 to 15.

Ainsworth Game Technology Limited and its controlled entities

Statement of financial position
As at 31 December 2003

	Note	Consolidated 31 December 2003 $	30 June 2003 $
Current assets			
Cash assets		8,995	1,093
Receivables		16,695	4,525
Inventories		15,021	14,388
Other		457	366
Total current assets		41,168	20,372
Non-current assets			
Receivables		1,013	1,276
Property, plant and equipment		18,443	18,478
Intangible assets		1,770	964
Other		200	110
Total non-current assets		21,426	20,828
Total assets		62,594	41,200
Current liabilities			
Payables		10,983	4,668
Interest bearing liabilities		2,416	60
Provisions		1,118	2,711
Total current liabilities		14,517	7,439
Non-current liabilities			
Interest bearing liabilities		9,154	8,463
Provisions		154	157
Total non-current liabilities		9,308	8,620
Total liabilities		23,825	16,059
Net assets		38,769	25,141
Equity			
Contributed equity	3	72,807	59,834
Accumulated losses	4	(34,038)	(34,693)
Total equity		38,769	25,141

The statement of financial position is to be read in conjunction with the notes to the half-year financial statements set out on pages 10 to 15.

Ainsworth Game Technology Limited and its controlled entities

Statement of cash flows
For the half-year ended 31 December 2003

	Consolidated 2003 $	Consolidated 2002 $
Cash flows from operating activities		
Cash receipts in the course of operations	17,917	18,430
Cash payments in the course of operations	(24,255)	(17,986)
Interest received	23	156
Borrowing costs paid	(138)	(3)
Net cash (used in)/provided by operating activities	(6,453)	597
Cash flows from investing activities		
Payments for property, plant and equipment	(500)	(15,308)
Proceeds from sale of non-current assets	14	-
Payment for acquisition of equity investments	(58)	-
Deposit for business acquisition	-	(268)
Net cash used in investing activities	(544)	(15,576)
Cash flows from financing activities		
Proceeds from issue of shares	13,493	-
Transaction costs from issue of shares	(451)	-
Proceeds from borrowings	8,000	2,875
Repayment of borrowings	(6,000)	(875)
Hire purchase payments	(143)	(7)
Net cash provided by financing activities	14,899	1,993
Net increase/(decrease) in cash held	7,902	(12,986)
Cash at the beginning of the financial period	1,093	15,095
Cash at the end of the financial period	8,995	2,109

The statement of cash flows is to be read in conjunction with the notes to the half-year financial statements set out on pages 10 to 15.

1 Statement of significant accounting policies

(a) Basis of preparation

The half-year consolidated financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 1029 "Interim Financing Reporting", the recognition and measurement requirements of applicable AASB standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. This half-year financial report is to be read in conjunction with the 30 June 2003 Annual Financial Report and any public announcements by Ainsworth Game Technology Limited and its Controlled Entities during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

It has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those applied in the 30 June 2003 Annual Financial Report.

The half-year financial report does not include full note disclosures of the type normally included in an annual financial report.

	Consolidated	
	2003	2002
	$'000	$'000
2 Income tax expense/(benefit)		
Prima facie income tax expense/(benefit) calculated at 30% on the profit/(loss) from ordinary activities	197	(1,379)
(Increase)/decrease in income tax expense/(benefit) due to:		
Non-deductible expenses	17	10
Research and development allowance	(270)	(337)
Future income tax benefit not taken to account	56	1,706
Income tax expense/(benefit) on profit/(loss) from ordinary activities	-	-

3 Contributed equity

	Consolidated		Consolidated	
	31 December 2003 Shares	30 June 2003 Shares	31 December 2003 \$'000	30 June 2003 \$'000
Issued and paid-up capital				
Ordinary shares, fully paid	147,860,377	115,000,000	72,807	59,834

Movements in ordinary share capital of the Company during the past two years were as follows:

Date	Details	Number of shares	Issue price	\$'000
31 December 2001	Opening balance	115,000,000		59,834
29 December 2003	Issued shares pursuant to rights issue	32,860,377	\$0.41	13,473
29 December 2003	Transaction costs from issue of shares	-	-	(500)
31 December 2003		147,860,377		72,807

Rights Issue

The Company issued 32,860,377 new shares at a subscription price of \$0.41 per new share by way of a renounceable rights issue. This issue was in the ratio of two new shares for every seven shares held as outlined in the prospectus dated 10 November 2003.

Share options

Employee Share Option Plan

The Company has in place an Employee Share Option Plan ("ESOP") approved on 30 July 2001.

To be eligible to participate in the ESOP the employee must be 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).

The ESOP provides for employees to receive options for no consideration. Each option is convertible to one ordinary share. There are no voting or dividend rights attached to the unissued ordinary shares. Voting and dividend rights will be attached to the unissued ordinary shares when the options have been exercised. The exercise price of the options is determined in accordance with the Rules of the ESOP. The ability to exercise the options is conditional on the achievement of performance hurdles. Accordingly, the plan does not represent remuneration for past services.

3 Contributed equity (Continued)

Employee Share Option Plan (Continued)

The vesting and performance conditions of these share options are as follows:

Date	Vesting Condition (% of Options vesting)	Performance Condition (VWAP* must equal or exceed)
First Anniversary of Grant Date	25%	$1.00
Second Anniversary of Grant Date	25%	$1.20
Third Anniversary of Grand Date	50%	$1.40

* The performance conditions measure the volume weighted average price at which Shares traded on the Australian Stock Exchange (ASX) for the most recent 20 Business Days upon each of which any shares were traded on ASX within 60 business days immediately preceding the relevant vesting date of those Options.

The Company issued 2,560,000 share options to 85 employees on 7 December 2001. These share options have an exercise price of $1.00 and expire on 7 December 2006. During the current period 85,000 share options have expired due to cessation of employment. The share options outstanding at 31 December 2003 are 1,745,000 attributable to 53 employees (30/06/2003: 1,830,000). As the share options have yet to reach the performance hurdles, no options are available to be exercised.

Directors' Option Plan

Messrs DC Hall, SL Wallis and J Kehoe or permitted nominees were each issued 300,000 share options on 25 November 2002 under the Directors' Option Plan as approved at the 2002 Annual General Meeting ("AGM").

These share options were issued on 25 November 2002 for nil consideration and have an exercise price of $1.15 each. The options have an exercise period of five years and expire on 25 November 2007 or earlier should they cease employment with the Company unless otherwise approved by shareholders.

During the half year ended 31 December 2003 options issued to Messrs DC Hall and J Kehoe under the Directors' Option Plan expired as they retired as directors. These expired share options were replaced by 300,000 share options to each of Messrs DC Hall and J Kehoe as approved at the 2003 AGM. These share options were under the same terms and conditions of the previously issued options.

As the share options have yet to reach the performance hurdles no options are available to be exercised at 31 December 2003.

Other Options

As part of the employment agreement with Mr PR James 500,000 share options were issued on 1 July 2002. Shareholders approved the issue of these options at the 2002 AGM. These share options expired during the current period due to his cessation of employment with the Company.

3 Contributed equity (Continued)

Other Options **(Continued)**

During the year ended 30 June 2002, Messrs AE Vrisakis and DC Hall were granted 300,000 share options each. Mr JM O'Mahony was granted 1,000,000 share options and Mr JG Drews 100,000 share options.

The above share options:

- are convertible into one ordinary share for every option held in the capital of the Company;
- have an exercise price of $1.00; and
- have an exercise period of five years from the issue date of the options.

The options above have vesting and performance conditions, which must be satisfied prior to any of the options being exercised. The vesting condition is set with reference to the anniversary of the issue date of the option. The exceptions to this are that the third and final vesting date for the share options granted to Mr JM O'Mahony is 1 November 2003 and the share options granted to Mr JG Drews, which vest immediately and have no performance conditions. The share options in respect of Messrs AE Vrisakis and JM O'Mahony will vest subject to shareholder approval at the next AGM of the Company.

During the 30 June 2003 financial year 300,000 share options issued to Mr AE Vrisakis expired due to his retirement as a director. The expired options were replaced by 300,000 share options as approved at the 2002 AGM under the same terms and conditions.

During the half year ended 31 December 2003 300,000 share options issued to Mr DC Hall expired due to his retirement as a director. The expired options were replaced by 300,000 share options as approved at the 2003 AGM under the same terms and conditions.

The financial advisor to the IPO received 2,300,000 share options following the listing of the Company on the Australian Stock Exchange on 17 December 2001. These share options entitle the financial advisor to one ordinary share for every share option held on exercise, with the exercise price being the Issue Price of the IPO, being $1.00, and have an exercise period of 5 years from the issue date of these options. These share options have yet to be exercised. These share options have vested and may be exercised at any time during the exercise period and do not include any performance hurdles.

4 Accumulated losses

	Consolidated	
	2003	2002
	$'000	$'000
Accumulated losses at the beginning of the financial period	(34,693)	(19,873)
Net profit/(loss)	655	(4,598)
Accumulated losses at the end of the financial period	(34,038)	(24,471)

Notes to the financial statements

For the half-year ended 31 December 2003

5 Segment information

The consolidated entity operates in one business segment, which is the design, development, manufacturing and distribution of gaming machines.

6 Acquisition of entities

Name	Date acquired	Consolidated entity's interest	Consideration $	Contribution to net profit $'000
Ainsworth Game Technology International GmbH	18/12/03	100%	58,163	(201)
Ainsworth Game Technology (NZ) Limited	19/12/03	100%	1	-
Ainsworth Game Technology Inc.	30/12/03	100%	3,358	-

The consolidated entity did not gain control over any entities during the prior corresponding half year.

7 Non-cash financing activities

During the half-year, the consolidated entity acquired plant and equipment and motor vehicles by means of hire purchase agreements amounting to $Nil (2002: $247,000). These acquisitions are not reflected in the statement of cash flows.

8 Event subsequent to reporting date

International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005, the consolidated entity must comply with International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board.

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP). The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the consolidated entity's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS. No attempt has been made to identify all disclosure presentation or classification differences that would affect the manner in which transactions or events are presented.

The consolidated entity has not quantified the effects of the differences discussed below. Accordingly, there can be no assurances that the consolidated financial performance and financial position as disclosed in this financial report would not be significantly different if determined in accordance with IFRS.

8 Event subsequent to reporting date (Continued)

International Financial Reporting Standards (Continued)

Regulatory bodies that promulgate Australian GAAP and IFRS have significant ongoing projects that could affect the differences between Australian GAAP and IFRS described below and the impact of these differences relative to the consolidated entity's financial reports in the future. The potential impacts on the consolidated entity's financial reports and financial position of the adoption of IFRS, including system upgrades and other implementation costs which may be incurred, have not been quantified as the actual impacts will depend on the particular circumstances prevailing on adoption in the half-year commencing on 1 July 2005.

The key potential implications of the conversion to IFRS on the consolidated entity are as follows:

- Equity-based compensation in the form of shares and options will be recognised as expenses in the periods during the employee provides related services.

- Income tax will be calculated based on the "balance sheet" approach, which will result in deferred tax assets and liabilities and, as tax effects follow the underlying transaction, some tax effects will be recognised in equity.

- Goodwill and intangible assets with indefinite useful lives will be tested for impairment annually and will not be amortised.

- Impairments of assets will be determined on a discounted basis, with strict tests for determining whether goodwill and cash-generating operations have been impaired.

- Changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.

- Financial instruments must be recognised in the statement of financial position and all derivatives and most financial assets must be carried at fair value.

Ainsworth Game Technology Limited and its controlled entities

Directors' declaration

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

1 the financial statements and notes, set out on pages 7 to 15 are in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2003 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and

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

Dated at Sydney on this 17th day of February 2004.

Signed in accordance with a resolution of the directors.

LH Ainsworth
Director

Ainsworth Game Technology Limited and its controlled entities

Independent review report to the members of Ainsworth Game Technology Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes 1 to 8 to the financial statements, and the directors' declaration for the Ainsworth Game Technology Limited Consolidated Entity ("the Consolidated Entity"), for the half-year ended 31 December 2003. The Consolidated Entity comprises Ainsworth Game Technology Limited ("the Company") and the entities it controlled during that half-year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Consolidated Entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- enquiries of company personnel; and
- analytical procedures applied to the financial data.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Independent review report to the members of Ainsworth Game Technology Limited (Continued)

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe the half-year financial report of Ainsworth Game Technology Limited is not in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2003 and of its performance for the half-year ended on that date; and

(ii) complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

KPMG

KPMG

Tony Nimac
Partner

Sydney, 17 February 2004