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Ainsworth Game Technology Limited Announces FY10 Results

Ainsworth Game Technology ("AGT") today announced an audited full year after tax loss of $2.7 million, compared to a loss of $12.5 million for the corresponding period in 2009. The FY10 trading result, before financing costs, resulted in a profit of $4.6 million, reflecting a $15.6 million positive financial turnaround on the prior period.

Sales revenue achieved for FY10 was $69.3 million, an increase of 53% over the previous corresponding period of $45.2 million.

Domestic revenue increased by 110% during the period and represented 70% of total revenue compared to 51% in 2009. All domestic markets increased their revenue contributions, with the Company's primary markets of New South Wales and Queensland representing 80% of total domestic revenue. The increased domestic revenue and market share within these regions was attributable to the improved product performance and strong uplift in sales.

International revenue achieved was $21.0 million which was a decrease of 5% on the corresponding period in 2009. The key markets in the Americas contributed 86% of total international revenue, reflecting an increase of 7% over the 2009 period. While the significant revenue potential of the region has been initially slowed by difficult market conditions in the current year, the Company expects market conditions to improve as the impact of the Global Financial Crisis diminishes.

The Company intends to continue expansion of activities in the Americas to capitalise on its product initiatives while progressing necessary product approvals in newly licensed markets. Particular focus will be given to the establishment of an operating presence within Nevada, the foremost gaming market of North America, following the granting of a licence in this key jurisdiction.

Improved gross margins of 54% were achieved, compared to 48% in the previous corresponding period in 2009. This improvement came as a result of increased selling prices, reductions in product and overhead costs and continued efficiencies in the production process.

Operating costs, excluding research and development, were reduced from 46% of total revenue in the previous period to 33%, as a result of the continued cost control measures implemented to ensure commercial alignment with revenue expectations.

Globally, game performance and the supporting game library across multiple platforms continued to expand during the period. Continued strong research and development activity during the current year culminated with the recent release of the Company's next generation gaming machine, the dual wide screen A560, which provides leading edge game presentation, features and cabinet configuration.

Following its launch at the G2E in Macau, the A560 was approved in New South Wales in July and is expected to have secured approvals in all domestic jurisdictions by the end of calendar 2010 and in selected international jurisdictions throughout the calendar year 2011.

Strong product submission activity is planned for selected markets in FY11 which is expected to provide the basis for further revenue growth and reinforce the financial turnaround experienced in the FY10 financial year.

As previously foreshadowed, significant improvement in cashflows enabled the Company to report net cash inflows from operating activities of $10.6 million, compared to cash outflows of $1.6 million in 2009. Continued cash management initiatives have resulted in significant reductions in receivables and inventory holdings at the reporting date.

Chief Executive Officer, Mr Danny Gladstone, said "The profitability achieved in the second half of FY10 is very encouraging, despite the full year loss. I am pleased with the Company's performance, in particular the significant increase achieved in domestic revenues, improved gross margins, reduced operating costs and ongoing investment in product strategy and development.

"The progress made in securing licences within key international jurisdictions, combined with the expected approval of the new A560 gaming platform in all domestic and selected international markets, is expected to impact positively on future periods. As Ainsworth continues to produce and distribute next generation game technology with increased player appeal to new and existing markets we should see further improvements in the Company's financial results."

"The Company is well positioned to continue to achieve improved financial performance through its established executive team which is supported by the guidance of Executive Chairman Mr Len Ainsworth. It should also be recognised that Mr Ainsworth was recently honoured as a recipient of the G2E Asia Gaming Visionary Award at the G2E show in Macau."

Executive Chairman, Mr LH Ainsworth, said "I am confident that the Company's sound product strategy and licensing initiatives should ensure the financial turnaround experienced in the second half of FY10 will continue into FY11 and beyond.

Ends

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