ARISTOCRAT LEISURE LIMITED

ABN 44 002 818 368

2012 PROFIT ANNOUNCEMENT

RESULTS TO BE RELEASED TO THE MARKET

ANNUAL INFORMATION GIVEN TO THE ASX
UNDER LISTING RULE 4.3A

ARISTOCRAT LEISURE LIMITED
BUILDING A PINNACLE OFFICE PARK
85 EPPING ROAD
NORTH RYDE NSW 2113

2012 PROFIT ANNOUNCEMENT
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ARISTOCRAT LEISURE LIMITED

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APPENDIX 4E

Preliminary Final Report

Period ended: 9 months 30 September 2012

Previous corresponding period: 9 months to 30 September 2011

Results for announcement to the market

				9 months to September 2012 $'000
Revenue from ordinary activities	up	29.7%	to	581,808
Profit from ordinary activities after tax	up	129.3%	to	46,551
Profit for the period attributable to members	up	128.7%	to	45,507

Dividends

	Amount per security	Franked amount per security	Record date for determining entitlements to dividends
Current year – 2012:			
- Interim dividend	4.0c	0.0c	6 September 2012
- Final dividend in respect of the 9 months to 30 September 2012	2.0c	0.0c	7 December 2012
Previous year – 2011:			
- Interim dividend	2.5c	0.0c	6 September 2011
- Final dividend in respect of the 12 months to 31 December 2011	4.0c	0.0c	8 March 2012

Dividend Reinvestment Plan

The directors have determined that the Aristocrat Leisure Limited Dividend Reinvestment Plan (DRP) will remain active in respect of the 2012 final dividend (for shareholders resident in Australia and New Zealand). In accordance with the DRP rules, the Company will fulfil its obligations by an on-market purchase and transfer of shares and the DRP price will be calculated by reference to the arithmetic average of the daily VWAPs over a period of five days commencing on 10 December 2012. No discount is applicable, and the number of ordinary shares DRP participants will receive will be rounded up to the nearest share.

Any shareholder who wishes to participate in the DRP or to change their current application in the DRP must lodge an application or variation notice on or before 5.00pm on 7 December 2012 to the Company's share registry, Boardroom Pty Limited.

Net tangible assets

	September 2012	December 2011
Net tangible assets per security	$ 0.31	$ 0.26

Due to the change in reporting date for the Group, the comparative information has not been audited. For further explanation of the above figures please refer to the media release, review of operations and market presentations. Other financial information required by the Appendix 4E is contained in the financial statements.

Review of operations
for the 9 months to 30 September 2012
Aristocrat Leisure Limited
ABN 44 002 818 368

Key performance indicators for the current and prior corresponding period are set out below:

A$ million	Constant currency[1] 9 months to 30 Sept 2012	9 months to 30 Sept 2012	9 months to 30 Sept 2011	Variance vs 9 months to 30 Sept 2011 Constant currency[1] %	Reported %
Reported results[2]					
Total segment revenue from ordinary activities	584.2	586.2	451.9	29.3	29.7
Earnings before interest, tax and depreciation (EBITDA)	93.9	95.5	65.0	44.5	46.9
Earnings before interest and tax (EBIT)	65.4	67.1	38.2	71.2	75.7
Profit after tax	45.1	46.5	20.3	122.2	129.1
Profit after tax and non-controlling interest	44.1	45.5	19.9	121.6	128.6
Earnings per share (fully diluted)	8.0c	8.3c	3.7c	116.2	124.3
Total dividend per share[3]	6.0c	6.0c	2.5c	140.0	140.0
Balance sheet/cash flow					
Net working capital/revenue	17.8%	16.5%	21.9%	(4.1)pts	(5.4)pts
Operating cash flow	86.4	87.9	30.0	188.0	193.0
Cash flow per share (fully diluted)	15.8c	16.0c	5.6c	182.1	185.7
Closing net debt	197.2	191.8	300.7	(34.4)	(36.2)

[1] Results for 9 months to 30 September 2012 adjusted for translational exchange rates using rates applying in 2011.
[2] The information presented in this document has not been audited in accordance with the Australian Auditing Standards.
[3] September 2011 comparative is the half-year interim dividend, declared during that period.

Group performance summary

The Group's performance for the reporting period was ahead of the prior corresponding period and ahead of guidance. Growth was delivered across revenue, earnings before interest and tax (EBIT), profit after tax and operating cash flow, resulting in a significant reduction of debt levels.

The Group reported profit after tax and non-controlling interest of $45.5 million, which represents a 128.6% increase (121.6% in constant currency) compared to $19.9 million in the prior corresponding period. This was predominantly delivered through improved operational performance with EBIT growth of 75.7% (71.2% in constant currency). Group revenue increased 29.7% (29.3% in constant currency) with all key regions delivering growth. North American operations delivered an improvement across all key business segments, demonstrated through higher unit sales, increased gaming operations delivery and larger systems installations. The momentum in the Australian business continued, clearly demonstrating the effective execution of the Group's product-led strategy. Japan delivered two successful game releases in the current reporting period and the Asia Pacific business grew significantly, supported by a product portfolio tailored to the markets in the region.

The Group result was delivered through stronger operational performance. Higher income tax expense more than offset favourable foreign exchange benefits and reduced interest expense driven by the Group's focus to reduce debt and improve gearing. This is reconciled in the table below:

A$ million	**9 months to 30 September[1]**	
Profit after tax and non-controlling interest - 2011	19.9	
EBIT improvement	26.9	⇧
Interest reduction	5.1	⇩
Income tax movement	(7.8)	⇧
Foreign exchange movements	1.4	⇧
Profit after tax and non-controlling interest - 2012	**45.5**	

[1] The information presented in this document has not been audited in accordance with the Australian Auditing Standards.

Reported fully diluted earnings per share of 8.3 cents represent a 124.3% increase (116.2% in constant currency) on the prior corresponding period.

Operating cash flow of $87.9 million was $57.9 million higher than the prior corresponding period and free cash flow of $57.7 million was $68.6 million higher. Improved cash flows were predominantly driven by higher earnings before interest, tax, depreciation and amortisation (EBITDA) ($30.5 million higher than the prior corresponding period), favourable working capital movements ($23.5 million) and reduced cost of investment in gaming operations driven by product mix.

The Group's commitment to reducing borrowings and gearing to more conservative levels through the management of costs, capital spend and working capital is represented in the continued reduction in net debt. Net debt at 30 September 2012 decreased $108.9 million from the prior corresponding period and $40.2 million compared to 31 December 2011 as a result of strong free cash flow generation.

Regional performance summary

Operational improvement continues as is evidenced from the following key deliveries across the Group's core segments during this reporting period:

1. Americas
   - Maintained ship share on the back of continued *Viridian WS*™ penetration and new and improved game content
   - Continued growth in gaming operations install base (up 11.8%) and fee per day (FPD) (up 6.5%) driven by the continued release of new product
   - Continued growth in *OASIS*™ customer base, with seven new installs during the reporting period including the largest new casino opening this period

2. Australia and New Zealand
   - Continued increase in Australian ship share
   - Improved games performance, ship share and unit sales in all key Australian markets
   - Australia unit growth well ahead of the overall market growth
   - Excluding the Victorian rebuild market, Australia achieved unit growth of 22.8%
   - Launch of the *Cash Express Link* (two titles, *First Class* and *Get on Board*)
   - *Big Red Legends* launched in August into the high denomination segment
   - Five *Legends* titles launched since 2011

3. Rest of World and Japan
   - Maintained number one market share position in Class III markets across Asia Pacific region
   - Continued roll-out of the new hybrid cabinet in Japan and realised market share gains off the back of two new licensed game releases
   - Aristocrat Lotteries Europe expansion into the Italian VLT market progressed, with a total of 2,377 units installed
   - New *Hybrid Stepper* cabinet launched in unregulated markets in Europe (to be launched in South Africa and regulated Europe from early fiscal 2013)
   - Spain bar market game and cabinet to be launched in the first quarter of fiscal 2013
   - Global *Viridian WS*™ launch completed
   - *WS Slant*™ launch completed

Operational performance by region is summarised below. Reference to profit/(loss) represents earnings before interest and tax, charges for Design & Development (D&D) expenditure and corporate costs.

Americas: In local currency, North American revenue increased by 23.0% to US$254.1 million, and profit was up 18.3% to US$80.9 million. Latin America revenue decreased by 1.0% to US$19.3 million, and profit was down 31.7% to US$2.8 million.

North American unit sales increased 18.9% over the prior corresponding period and ship share was maintained. The gaming operations install base increase of 11.8% coupled with growth in FPD of 6.5% to US$42.93 was a key driver of higher profit in the current period. This is representative of the continued momentum in growing the install base and the shift to newer product and resultant improved product performance. Systems revenue was 70.9% up on the prior corresponding period, driven by a mix of larger installs, including the largest single casino opening this period, Maryland Live!, and an increase in systems hardware sales following the release of the new *nCompass* product at the end of 2011.

In Latin America, revenue in USD terms decreased 1.0% due to a decrease in unit sales volumes.

Australia and New Zealand: Australian revenue and profit increased 16.7% to A$132.2 million and 7.0% to A$45.9 million respectively. In constant currency, New Zealand revenue decreased by 10.8% to A$9.9 million, and profit decreased 42.9% to A$1.6 million.

Australian trade activity was significantly ahead of the prior corresponding period with 48.5% unit growth. Both the NSW and QLD markets increased units by 9.2% and 44.8% respectively over the prior corresponding period. Victoria was dominated by Aristocrat supplying a mix of new and rebuild product across both the current and the prior corresponding period. The rebuild offering exceeded expectations, and importantly Aristocrat has now shipped almost 1,200 new Widescreen cabinets into the Victorian market since launching in May 2011.

Rest of World (ROW) and Japan: Revenue increased by 63.0%, in constant currency terms, to A$180.9 million and profit increased 140.9% to A$50.1 million.

Revenue in the International – Class III segment was up 8.5% to A$82.0 million and profits up 23.8% to A$34.9 million in constant currency terms. This was primarily driven by strong growth in Asia Pacific offset by challenging market conditions in the European and South African markets.

In Japan, revenue increased by 370% in local currency and this resulted in a Yen 2,161.4 million increase in profit to Yen 1,763.2 million versus a Yen 398.2 million loss in the prior corresponding period, driven by higher sales volumes for *Black Lagoon*™ and *Kurrogane no Linebarrels*™. Both games have performed well in the market, generating improved brand awareness.

Aristocrat Lotteries and Online revenues decreased compared to the prior corresponding period, due to no new video lottery terminal (VLT) sales in the current period. VLT installations increased, however, to 6,282 this period (18.8% up on prior corresponding period) with operators activating units purchased in prior periods.

Profit and loss

Results in the current period and prior corresponding period are as reported and do not include any transactions or adjustments considered abnormal.

Summary profit and loss

A$ million	9 months to 30 Sept 2012	9 months to 30 Sept 2011	Variance %
Segment revenue			
Australia and New Zealand	142.2	124.4	14.3
Americas	264.6	216.5	22.2
Rest of World and Japan	179.4	111.0	61.6
Total segment revenue	**586.2**	**451.9**	**29.7**
Segment profit			
Australia and New Zealand	47.6	45.7	4.2
Americas	81.2	69.4	17.0
Rest of World and Japan	49.5	20.8	138.0
Total segment profit	**178.3**	**135.9**	**31.2**
Unallocated expenses			
Group D&D expense	(93.2)	(83.7)	11.4
Foreign exchange	(3.1)	(0.2)	1,450.0
Corporate	(14.9)	(13.8)	8.0
Total unallocated expenses	**(111.2)**	**(97.7)**	**13.8**
EBIT	**67.1**	**38.2**	**75.7**
Interest	(13.9)	(19.0)	(26.8)
Profit before tax	**53.2**	**19.2**	**177.1**
Income tax	(6.7)	1.1	(709.1)
Profit after tax	**46.5**	**20.3**	**129.1**
Non-controlling interest	(1.0)	(0.4)	150.0
Profit after tax and non-controlling interest	**45.5**	**19.9**	**128.6**

Key metrics	**% of revenue**		**Variance**
Segment profit margin	**9 months to 30 Sept 2012**	**9 months to 30 Sept 2011**	**Pts**
Australia and New Zealand	33.5	36.7	(3.2)
Americas	30.7	32.1	(1.4)
Rest of World and Japan	27.6	18.7	8.9
Overall segment profit margin	**30.4**	**30.1**	0.3
Group D&D expense	15.9	18.5	(2.6)
Earnings before interest and tax	11.4	8.5	2.9
Profit after tax and non-controlling interest	7.8	4.4	3.4
Effective tax rate	12.5%	(5.7)%	18.2 pts

Revenue

Segment revenue increased $134.3 million or 29.7% in reported currency (29.3% in constant currency) as a result of strong growth in sales from Japan, North America, Asia Pacific and Australia. This was partially offset by lower sales volumes across Europe, South Africa and European Lotteries.

Earnings

Segment profit increased $42.4 million in reported currency, 31.2% compared with the prior corresponding period (30.8% in constant currency).

Consistent with revenue delivery, the increase was driven by higher earnings from North America, Asia Pacific, Australia and Japan, partially offset by lower earnings from European Lotteries, Latin America, New Zealand and Europe.

The Group continues to invest significantly in better games and new technology, with ongoing efficiencies reinvested in core product development and capability. This capability has been further enhanced with recent exclusive arrangements made with key game designers joining Aristocrat. The Group's investment in D&D spend, as a percentage of revenue, was 15.9% (16.1% on a constant currency basis) compared to 18.5% of revenues in the prior corresponding period. Total reported spend increased $9.5 million or 11.4% (12.3% in constant currency), which was driven by increased third party spend, personnel costs, Japan and business development investment. The D&D headcount is currently at 745 full-time equivalents (FTE) compared to 747 FTEs as at 30 September 2011. The business continues to drive efficiencies through the Indian Development Centre, which represents 32.1% of this headcount, up from 26.6% compared to the prior corresponding period.

Cost control remains a key focus for the Group, with further actions undertaken in the current period to reduce the Group's fixed cost base. Group selling, marketing, general and administration costs (SMG&A) were in line with the prior year excluding Japan agents' commissions and employee incentive accruals recognised in line with the Group's performance and delivery. Net corporate costs also reduced before the impact of employee incentive accruals.

The downward trend in net interest expense was maintained. Net interest expense has decreased ($5.1 million or 26.8%), reflecting lower average net debt levels during the period.

The effective tax rate (ETR) for the reporting period is 12.5%, which is higher than the prior corresponding period. The increase in ETR is mainly driven by increased earnings and a reduction in the R&D tax benefit. Without the prior year adjustment, the effective tax rate would be 23.5%.

Balance sheet and cash flows

Balance sheet

The balance sheet can be summarised as follows:

A$ million	30 Sept 2012	31 Dec 2011	30 Sept 2011
Net working capital	139.3	130.2	145.9
Other current/non-current assets	85.6	99.6	81.7
Property, plant and equipment	102.6	109.3	114.7
Intangibles	104.6	109.3	114.0
Other current/non-current liabilities	(52.2)	(56.5)	(51.9)
Net tax balances	88.5	92.2	110.0
Funds employed	**468.4**	**484.1**	**514.4**
Net debt	(191.8)	(232.0)	(300.7)
Total equity	**276.6**	**252.1**	**213.7**

Significant balance sheet movements from 31 December 2011 are:

Net working capital: Net working capital decreased to 16.5% of annual revenue from 18.4%, driven by improved inventory levels and trade payables, partially offset by an increase in trade receivables influenced by the increase in and timing of trade activity, specifically:

- higher sales in North America, and
- the sale of the second Japanese game which was sold through June to August.

Other current/non-current assets: The $14.0 million decrease primarily relates to a decrease in non-current trade debtors in the Americas and European Lotteries due to decreased revenues from VLT unit sales into Italy.

Property, plant and equipment: The $6.7 million decrease predominantly represents net capital additions ($26.9 million), primarily relating to gaming operations units in North America, offset by the depreciation charge for the reporting period ($23.5 million).

Intangible assets: The $4.7 million decrease primarily reflects technology amortisation ($5.0 million) and decrease in goodwill due to foreign currency exchange movements ($2.7 million) offset by additions to trademarks and licences ($2.6 million).

Other current/non-current liabilities: The $4.3 million decrease primarily relates to a decrease in non-current creditors and progressive jackpot liabilities in the Americas.

Net tax balances: The $3.7 million decrease relates to a decrease in deferred tax assets primarily due to a decrease in provisions and utilisation of carried forward losses.

Total equity: The change in total equity predominantly reflects net reported profit of $45.5 million for the period offset by movements in reserves.

Statement of cash flows

The movement in net debt (debt less cash), after eliminating foreign exchange movements is set out below:

A$ million	9 months to 30 Sept 2012	9 months to 30 Sept 2011
Net debt - opening balance (31 December)	**(232.0)**	**(285.8)**
Net cash inflow from operating activities	**87.9**	**30.0**
Investing cash flows	(30.2)	(40.9)
Financing cash flows	(19.5)	(1.0)
Movement in net cash	**38.2**	**(11.9)**
Effect of exchange rate changes on net debt	2.0	(3.0)
Net debt - closing balance (30 September)	**(191.8)**	**(300.7)**

Total net cash inflows of $38.2 million were $50.1 million higher than in the prior corresponding period. This has been predominantly driven by higher EBITDA of $30.5 million supported by a favourable movement in working capital and reduced capital spend, partially offset by an increase in financing cash flows. The free cash conversion rate was 127%.

Fully diluted operating cash flow per share increased from 5.6 cents to 16.0 cents.

The net cash outflow from investing activities primarily represents investments in property, plant and equipment, predominantly for gaming operations units in North America. This spend is representative of the capital being invested in this segment to drive growth as we replenish and grow our footprint with new product.

The net cash flow from financing activities relates to payments of dividends.

Cash flow in the statutory format is set out in the financial statements.

Net debt at 30 September 2012 was $191.8 million, a decrease of $108.9 million from 30 September 2011 and a decrease of $40.2 million from December 2011. Gross debt was reduced by $117.3 million from 30 September 2011 and $46.9 million from December 2011.

The Group remains committed to prudently managing its borrowing and gearing levels, predominantly through the management of costs, capital spend and working capital.

Bank facilities

The Group had committed bank facilities of $375.0 million at 30 September 2012, of which $214.5 million was drawn compared to $331.8 million at 30 September 2011. Net debt levels at 30 September 2012 reduced by $40.2 million over the reporting period from $232.0 million as at 31 December 2011 to $191.8 million as at 30 September 2012. This reduction in debt levels primarily reflects the positive free cash flow generated by the business.

The Group's facilities are summarised as follows:

Facility	Drawn as at 30 September 2012	Limit	Maturity date
3 year debt	A$214.5m	A$375.0m	October 2015

In June 2012, the Group refinanced its $450 million term facility with a new $375 million facility maturing October 2015. The overall reduction on the facility limit is a reflection of the Group's strong generation of free cash flows, with steady repayment of borrowings, which peaked in September 2010 following the settlement of damages from the Convertible Bond litigation.

This term facility will continue to satisfy the ongoing requirements of the business and provides sufficient flexibility to execute strategic opportunities as they arise.

Debt ratios

The Group's interest and debt coverage ratios have continued to strengthen and are as follows:

Ratio	30 September 2012	31 December 2011	30 September 2011
EBITDA*/interest expense**	8.6X	5.6X	4.7X
Debt/EBITDA*	1.2X	1.7X	2.6X
Net debt/EBITDA*	1.1X	1.5X	2.4X

* EBITDA and interest expense are based on the preceding 12 month results. EBITDA represents bank EBITDA, which is inclusive of interest received but excludes the impact of abnormal items.

** Interest expense shown above includes ongoing finance fees relating to bank debt facility arrangements, such as line fees.

Dividends

The Directors have authorised a final dividend in respect of the nine months ended 30 September 2012 of 2.0 cents per share ($11.0 million). The dividend will be unfranked and is expected to be declared and paid on 21 December 2012 to shareholders on the register at 5.00pm on 7 December 2012. 100% of the unfranked dividend will be paid out of conduit foreign income. The Dividend Reinvestment Plan (DRP) will be activated in respect of this dividend (for shareholders resident in Australia and New Zealand). In accordance with the DRP rules, the DRP issue price will be calculated by reference to the arithmetic average of the daily volume weighted average prices over a period of five days commencing on 10 December 2012 with shares acquired on-market to satisfy obligations under the plan. No discount will apply in determining the DRP issue price, with the number of ordinary shares DRP participants will receive being rounded to the nearest share.

The Group's ability to pay franked dividends is primarily influenced by its mix of earnings and agreed positions with various taxation authorities around the world. Based on the current mix of earnings, the 2012 final dividend and dividends paid over the medium term are not expected to be fully franked.

Total dividends for the 2012 financial year of 6.0 cents represent a payout ratio of 73% of normalised earnings, which is marginally above the high end of the Group's stated intention to maintain an annual earnings payout ratio of 50% to 70% over the medium term.

Foreign exchange

Given the extent of the Group's global operations and the percentage of its earnings derived from overseas, its reported results are impacted by movements in foreign exchange rates.

The Australian dollar was, on average, weaker against the US dollar and the Yen in 2012 compared to the prior corresponding period. The impact of translating foreign currency (translational impact) increased revenue by $2.0 million while increasing reported profit after tax and non-controlling interest by $1.4 million when compared with rates prevailing in the respective months in the prior year.

In addition, the cumulative effect of the retranslation of the net assets of foreign controlled entities (recognised through the foreign currency translation reserve) was $97.6 million (compared to $91.9 million as at 31 December 2011 and $82.8 million as at 30 September 2011).

Based on the Group's 2012 mix of profitability, the major exposure to translational foreign exchange results from the Group's US dollar profits. A US dollar 1 cent change in the US$:A$ exchange rate results in an estimated $1.0 million translational impact on the Group's annual reported profit after tax. This impact will vary as the magnitude and mix of overseas profits change.

Foreign exchange rates compared with prior corresponding periods for key currencies are as follows:

A$:	30-Sep-12	30-Jun-12	31-Dec-11	30-Sep-11	9 months to 30 Sept 2012 Average*	9 months to 30 Sept 2011 Average*
USD	1.0464	1.0191	1.0156	0.9781	1.0391	1.0466
NZD	1.2533	1.2771	1.3145	1.2757	1.2801	1.3049
JPY	81.05	80.89	78.73	74.88	82.09	83.79
EUR	0.8093	0.8092	0.7847	0.7213	0.8068	0.7387
SEK	6.8247	7.0987	7.0127	6.6835	7.0172	6.6559
ZAR	8.6093	8.4409	8.3074	7.7964	8.3542	7.3202

* Average of monthly exchange rates only. No weighting applied.

Regional segment review

In this review, segment profit/(loss) represents earnings before interest and tax, and before abnormal items, charges for D&D expenditure and corporate costs. The total amount of these items is disclosed in the Group's statement of comprehensive income. Constant currency amounts refer to 2012 results restated using exchange rates applying in 2011.

Americas

US$ million	9 months to 30 Sept 2012	9 months to 30 Sept 2011	Variance	Variance %
Revenue				
North America	254.1	206.6	47.5	23.0
Latin America	19.3	19.5	(0.2)	(1.0)
Total	**273.4**	**226.1**	**47.3**	**20.9**

US$ million	9 months to 30 Sept 2012	9 months to 30 Sept 2011	Variance	Variance %
Profit				
North America	80.9	68.4	12.5	18.3
Latin America	2.8	4.1	(1.3)	(31.7)
Total	**83.7**	**72.5**	**11.2**	**15.4**
Margin	30.6%	32.1%	-	(1.5) pts

North America	9 months to 30 Sept 2012	9 months to 30 Sept 2011	Variance	Variance %
Volume				
- Platforms	5,895	4,956	939	18.9
- Conversions	5,036	5,423	(387)	(7.1)
Average US$ price/unit	14,423	14,415	8	0.1
Average US$ price/unit (excluding rebuilds into secondary market)	14,848	14,415	433	3.0
Gaming operations units	6,757	6,046	711	11.8
Gaming operations US$/day	42.93	40.31	2.62	6.5

Latin America	9 months to 30 Sept 2012	9 months to 30 Sept 2011	Variance	Variance %
Volume				
- Platforms	1,429	1,539	(110)	(7.1)
- Conversions	289	155	134	86.5
Average US$ price/unit	10,344	10,929	(585)	(5.4)

In local currency, North American revenue increased 23.0% and profits increased by 18.3%.

Gaming operations performance was strengthened through new games and products and the business continued to gain share in an intensely competitive market. Since September 2011, the gaming operations install base has grown by 11.8%, driven by the successful release of new game titles including *Outback Jack*™ and *Tarzan® & Jane* on the *Verve hd*™ cabinet, *JAWS Bounty Hunter*™ and *The Mummy*™ on the *Viridian WS*™ cabinet, *Superman*™ on the new *Viridian Hybrid*™ cabinet and the launch of Aristocrat's first community game *Crazy Taxi*™. These games contributed to the continued increase in the average fee per day which averaged

US$42.93 in the reporting period, compared to US$40.31 (an increase of 6.5%) in the prior corresponding period.

A total of 5,895 units were sold in the period, an 18.9% increase compared to the prior corresponding period. Market demand increased in the period largely as a result of new openings.

Overall average selling price achieved during the period was US$14,423, which was flat with the prior corresponding period. Excluding sales into secondary markets, average selling price grew 3.0% to US$14,848.

During the period, the business installed seven *OASIS*™ Casino Management Systems into new sites, continuing to drive an increase in the total number of properties which use the *OASIS*™ Casino Management System in North America, now at 282 (net year on year increase of nine). The number of new installations was down on the prior corresponding period (seven compared to 11), however, the average size of the current period installations was much larger and included the largest single casino opening, Maryland Live! Driven by these larger installations, total systems revenues increased 70.9%.

Overall profit margin declined 1.3 points to 31.8%, predominantly due to a higher mix of rebuild unit sales and a higher contribution of systems installations and systems hardware sales.

While economic conditions and the replacement cycle are expected to remain unchanged, with a strong portfolio of games to support unit sales and a healthy pipeline of new gaming operations products, the business is targeting continued growth in its gaming operations install base and average fee per day. Significant new participation products in the pipeline include *Sherlock Holmes*™, *Cash Express Gold Class*™, and *Superman*™. The business also expects to sustain the strength of its systems business, with more new installations planned and continued sales of new system modules.

In Latin America, platform sales volume was down 7.1%, while average selling price decreased by 5.4%. The lower volume was driven by a decrease in rebuild unit sales, partially offset by an increase in new unit sales. The lower average selling price was due to rebuild mix. As a result of the lower volume and lower average selling price, revenue declined 1.0% in local currency terms. Reported profit reduced 31.7% due to a higher mix of customers for which profit is recognised on a cash basis. On an accruals basis, profit decreased 5.5%.

Australia and New Zealand

A$ million	Constant currency 9 months to 30 Sept 2012	9 months to 30 Sept 2011	Variance	Variance %
Revenue				
Australia	132.2	113.3	18.9	16.7
New Zealand	9.9	11.1	(1.2)	(10.8)
Total	**142.1**	**124.4**	**17.7**	**14.2**

A$ million	Constant currency 9 months to 30 Sept 2012	9 months to 30 Sept 2011	Variance	Variance %
Profit				
Australia	45.9	42.9	3.0	7.0
New Zealand	1.6	2.8	(1.2)	(42.9)
Total	**47.5**	**45.7**	**1.8**	**3.9**
Margin	33.4%	36.7%	-	(3.3) pts

Australia	9 months to 30 Sept 2012	9 months to 30 Sept 2011	Variance	Variance %
Volume				
- Platforms	4,741	3,193	1,548	48.5
- Conversions	4,765	4,225	540	12.8
Average A$ price/unit	15,102	17,564	(2,462)	(14.0)
Average A$ price/unit (excluding Victorian rebuild sales)	16,784	17,861	(1,077)	(6.0)

New Zealand	9 months to 30 Sept 2012	9 months to 30 Sept 2011	Variance	Variance %
Volume				
- Platforms	265	240	25	10.4
- Conversions	326	768	(442)	(57.6)
Average NZ$ price/unit	20,398	19,269	1,129	5.9

Under competitive market conditions, revenue in Australia increased 16.7% and profit increased by 7.0%. New Zealand revenue decreased by 10.8% and profit decreased by 42.9% in constant currency.

The increase in Australian revenue and EBIT has been driven by an increase in *Viridian WS*™ units, supported by a library of strong content and continued improvements in game performance. Overall unit growth was 48.5% over the prior corresponding period, when adjusted for the sales of rebuild product in Victoria, unit growth was 22.8%. In NSW and ACT, platform units were 9.2% higher than in the prior corresponding period and in Queensland, platform units increased 44.8%.

The Group also supported Victorian venues as they secured gaming floors in preparation for deregulation. Victorian units grew close to 300% over the corresponding reporting period, inclusive of rebuild units. Demand has now subsided as Victoria has transitioned to a deregulated market. Over the transition period, the Group has been able to protect existing floor share whilst realising additional licensing and rebuild unit sales.

In Australia, average selling price was 14% below the prior corresponding period due to the increase of rebuilds in the sales mix with 31% of platforms sold being rebuilds, compared to 9% in the prior corresponding period. Excluding the Victorian rebuild sales, average selling price decreased 6%, which has been primarily driven by game mix. The selling price on new *Viridian W*S™ cabinets has held flat to the prior year.

Game conversions are improving on the back of game performance across the Mk6 and *Viridian 19"* products. The longer term success within the conversion segment reflects Aristocrat's ability to produce high quality, performing product to support the Group's existing floor share and to continue to gain ship share and floor share with the *Viridian W*S™ cabinet.

The New Zealand result was impacted by a limited games portfolio and game delays in the Class IV market. Recovery in New Zealand will focus on developing a games portfolio of quality, high performing games supporting the entire New Zealand install base.

Overall profit margin declined by 3.3 percentage points due to significant rebuild volumes and regional mix in Australia and lower conversion activity in New Zealand. Cost control activities across the sales, marketing, manufacturing and assembly operations partially offset the overall impact.

Given strong market churn and sustained competition, the Group will continue to drive performance focussing on supporting customers through maintaining a regular release of high quality games tailored for the Australian and New Zealand markets.

Rest of World and Japan

A$ million	Constant currency 9 months to 30 Sept 2012	9 months to 30 Sept 2011	Variance	Variance %
Revenue				
International - Class III	82.0	75.6	6.4	8.5
Japan - Pachislot	90.7	19.3	71.4	369.9
Lotteries & Online	8.2	16.1	(7.9)	(49.1)
Total	**180.9**	**111.0**	**69.9**	**63.0**

A$ million	Constant currency 9 months to 30 Sept 2012	9 months to 30 Sept 2011	Variance	Variance %
Profit				
International - Class III	34.9	28.2	6.7	23.8
Japan - Pachislot	20.6	(4.8)	25.4	529.2
Lotteries & Online	(5.4)	(2.6)	(2.8)	(107.7)
Total	**50.1**	**20.8**	**29.3**	**140.9**
Margin	27.7%	18.7%	-	9.0 pts

	9 months to 30 Sept 2012	9 months to 30 Sept 2011	Variance	Variance %
Volume - Class III Platforms	3,639	3,843	(204)	(5.3)
Volume - Pachislots	23,145	5,725	17,420	304.3
Total VLTs in operation	6,282	5,286	996	18.8
Pachislot average ¥ price/unit	331,688	282,286	49,402	17.5

The Group experienced strong growth from the Rest of World (ROW) segment; revenue and profit increased by 63.0% and 140.9% respectively in constant currency.

International – Class III

Revenue in constant currency terms increased 8.5% and profit increased 23.8%, driven by growth in Asia Pacific and offset by challenging conditions in Europe and South Africa.

Asia Pacific continues to perform strongly due to the quality of the product portfolio, tailored to the markets of the region, focusing on regionally relevant products. Revenues were 19.5% and profits 27.9% above the prior corresponding period, with average selling price maintained across the market.

Product churn across the region, driven by the combination of a tailored product portfolio and regulatory change, resulted in increased conversion revenues.

Trading conditions are expected to remain strong throughout 2012 and 2013, with new openings in the Philippines and Vietnam. Product churn will be driven by a product portfolio tailored to the markets of the Asia Pacific region.

In Europe, constant currency revenues declined 8.7% whilst profits decreased by 4.0% compared to the prior corresponding period. Continued challenging economic conditions across Europe impacted results with customers reducing capital budgets. The *Hybrid Stepper* was launched in France in July and is expected to roll out across the region during 2013. Commercialisation and entry into the European street market continues with expected Spanish Bar Market units to be shipped into Spain in the first quarter of fiscal 2013.

In South Africa, trading conditions were extremely difficult during the reporting period due to caution over economic conditions. Constant currency revenues decreased 4.2%, however, profits increased by 14.3% compared to the prior corresponding period. This was driven by a 5% increase in average selling price and reduction in sales and marketing expenses. Casino market share has been maintained largely due to the release of the *Viridian WS*™ in late 2011.

Japan - Pachislot

The pachislot market shipped an estimated 823,000 units in the reporting period, an increase of circa 21.0% on the prior corresponding period, which was impacted by the March 2011 earthquake and tsunami. In local currency, revenue increased by 370% or Yen 6,059.4 million against the prior corresponding period, driven by a 304% increase in unit volumes. Total sales of the two games released in the period (*Black Lagoon™ and Kurrogane no Linebarrels™*) achieved over 8,600 and 14,400 units respectively. *Black Lagoon*™ was the third best performing game released into the pachislot market this period (measured by medal in). Average selling price was 17.5% up on the prior corresponding period, mainly due to product mix, with all units shipped being new (versus 66.6% in the prior corresponding period). The Group continues to target a two to three game per annum distribution strategy for this market.

Lotteries & Online

Lotteries and Online revenues decreased by 49.1% in constant currency, mainly driven by lower VLT sales which were completed in 2011. At the end of September, 2,377 and 3,905 Aristocrat VLTs were installed on the Cogetech and Norsk Tipping systems respectively. Performance remains encouraging in the Multix and Belago networks of Norsk Tipping. Cogetech was the first concessionaire in the Italian VLT market to have 15 games approved and go live; an additional five games are being developed and after approval are expected to be added to the network during 2013 fiscal year. The lotteries business is expected to benefit from the ongoing optimisation of the *TruServ*™ system through continued improvement in game performance as new games are approved and released. To reflect the fact that under the current contracts the majority of VLT terminals have now been installed, the business was rebased late in the reporting period. In the meantime the Group continues to actively explore further value-adding opportunities for deploying its *TruServ*™ system solution and terminals in emerging VLT markets.

As of 30 September 2012, Aristocrat Online had 60 games live on regulated online casino sites for real money gaming and 11 games live on a play-for-fun site. Games on Bet365, MeccaBingo and MoneyGaming continue to perform well, with *Choy Sun Doa*™, *Lucky 88*™ and *More Chilli*™ being our top three performing titles. To date, collectively, we have over 20 classic titles available via four online platforms for continuous deployment onto top tier online operators.

In North America, during the reporting period we launched our fully branded virtual casino (nLive) with initial user account management linkage to Oasis 360 (nLiveLink) in a free play environment – preparing our Oasis 360 customers for fully legalised online gaming.

Aristocrat Online will continue to expand its content distribution network in Europe (as well as other regulated online jurisdictions) and we plan to increase the number of game titles on top tier online platforms and operators, as well as grow our award-winning nLive solution in North America.

Pro forma financials
for the 12 months to 30 September 2012
Aristocrat Leisure Limited
ABN 44 002 818 368

As disclosed on 2 May 2012, Aristocrat has changed its financial year-end from 31 December to 30 September. This year, being the transitional reporting period, the Group is reporting a nine month period ended 30 September 2012.

In the table below, results for the 12 months ended 30 September 2012 are provided as well as the comparative period which was disclosed in the Group's ASX announcement on 28 August 2012. This table is provided to enable meaningful data comparisons on a like for like basis for the new financial year reporting period.

A$ million	Constant currency[1] 12 months to 30 Sept 2012	12 months to 30 Sept 2012	12 months to 30 Sept 2011	Variance vs 12 months to 30 Sept 2011 Constant currency[1] %	Variance vs 12 months to 30 Sept 2011 Reported %	12 months to 31 Dec 2011
Reported results[2]						
Total segment revenue from ordinary activities	841.3	843.3	672.5	25.1	25.4	709.0
Earnings before interest, tax and depreciation (EBITDA)	176.3	177.9	126.9	38.9	40.2	211.6
Earnings before interest and tax (EBIT)	138.0	139.7	91.0	51.6	53.5	110.8
Profit after tax	91.7	93.1	54.8	67.3	69.9	66.9
Profit after tax and non-controlling interest	90.3	91.7	54.2	66.6	69.2	66.1
Earnings per share (fully diluted)	16.5c	16.7c	10.0c	65.0	67.0	12.3c
Balance sheet/cash flow						
Net working capital/revenue	17.8%	16.5%	21.9%	(4.1)pts	(5.4)pts	18.4%
Operating cash flow	163.9	165.4	40.7	302.7	306.4	108.2
Cash flow per share (fully diluted)	29.9c	30.2c	7.5c	298.7	302.7	20.2c
Closing net debt	197.2	191.8	300.7	(34.4)	(36.2)	232.0

[1] Results for 12 months to 30 September 2012 adjusted for translational exchange rates using rates applying in 2011.
[2] The information presented in this document has not been audited in accordance with the Australian Auditing Standards.

For the 12 month period to 30 September 2012, the Group recorded a profit after tax and non-controlling interest of $91.7 million, which represents a 69.2% increase (66.6% in constant currency) compared to $54.2 million in the prior corresponding period. This is ahead of the $85.0 million to $90.0 million guidance range advised to the market on 28 August 2012. This was predominantly delivered through improved operational performance with EBIT growth of 53.5% (51.6% in constant currency). Group revenue increased 25.4% (25.1% in constant currency) with all key regions delivering growth.

Stronger operational performance drove the improved results with EBIT up 51.6% in constant currency compared to the prior corresponding period. Higher income tax expense as a result of a higher effective tax rate (ETR 22.1% versus 11.6%), driven by improved earnings more than offset minor favourable foreign exchange benefits and reduced interest expense driven by the Group's focus to reduce debt and improve gearing. This supports the quality of earnings in the current period.

A$ million	**12 months to 30 September[1]**	
Profit after tax and non-controlling interest - 2011	54.2	
EBIT improvement	46.5	⇧
Interest reduction	8.8	⇩
Income tax movement	(19.2)	⇧
Foreign exchange movements	1.4	⇧
Profit after tax and non-controlling interest - 2012	**91.7**	

[1] The information presented in this document has not been audited in accordance with the Australian Auditing Standards.

Summary profit and loss

Results in the current period and prior corresponding period are as reported and do not include any transactions or adjustments considered abnormal.

A$ million	12 months to 30 Sept 2012	12 months to 30 Sept 2011	Variance %
Segment revenue			
Australia and New Zealand	208.4	169.9	22.7
Americas	379.0	305.9	23.9
Rest of World and Japan	255.9	196.7	30.1
Total segment revenue	**843.3**	**672.5**	**25.4**
Segment profit			
Australia and New Zealand	83.0	65.3	27.1
Americas	128.9	106.1	21.5
Rest of World and Japan	79.6	47.7	67.0
Total segment profit	**291.5**	**219.1**	**33.0**
Unallocated expenses			
Group D&D expense	(117.8)	(110.0)	7.1
Foreign exchange	(5.5)	(0.1)	5,400.0
Corporate	(28.5)	(18.0)	58.5
Total unallocated expenses	**(151.8)**	**(128.1)**	**18.5**
EBIT	**139.7**	**91.0**	**53.5**
Interest	(20.2)	(29.0)	(30.3)
Profit before tax	**119.5**	**62.0**	**92.7**
Income tax	(26.4)	(7.2)	266.7
Profit after tax	**93.1**	**54.8**	**69.9**
Non-controlling interest	(1.4)	(0.6)	133.3
Profit after tax and non-controlling interest	**91.7**	**54.2**	**69.2**

Key metrics	% of revenue		Variance
Segment profit margin	12 months to 30 Sept 2012	12 months to 30 Sept 2011	Pts
Australia and New Zealand	39.8	38.4	1.4
Americas	34.0	34.7	(0.7)
Rest of World and Japan	31.1	24.3	6.9
Overall segment profit margin	**34.6**	**32.6**	2.0
Group D&D expense	14.0	16.4	(2.4)
Earnings before interest and tax	16.6	13.5	3.0
Profit after tax and non-controlling interest	10.9	8.1	2.8
Effective tax rate	22.1%	11.6%	10.5 pts

Aristocrat

Aristocrat Leisure Limited ABN 44 002 818 368
Consolidated financial statements for the period ended 30 September 2012

These financial statements cover the consolidated entity consisting of Aristocrat Leisure Limited and its subsidiaries (Group). The financial statements are presented in Australian dollars.

The Company is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Aristocrat Leisure Limited
Building A, Pinnacle Office Park
85 Epping Road
North Ryde NSW 2113
Australia

A description of the nature of the consolidated Group's operations and principal activities is included in the Review of Operations, which is not part of these financial statements.

These financial statements make reference to the Directors' Report and Remuneration Report which will be contained within the 2012 Annual Report.

PricewaterhouseCoopers has audited these financial statements and has issued an unqualified audit report which will be available as part of the 2012 Annual Report.

The financial statements were authorised for issue by the directors on 27 November 2012. The Company has the power to amend and reissue the financial statements.

Through the use of the internet, the Group ensures that its corporate reporting is timely, complete and available globally at minimum cost to the Group. All press releases, financial statements, and other information are available in the investor information section of the Company's website: www.aristocratgaming.com.

Financial statements
for the period ended 30 September 2012

Consolidated statement of comprehensive income

for the period ended 30 September 2012

	Notes	Consolidated **9 months to 30 September 2012 $'000**	 12 months to 31 December 2011 $'000
Revenue	5	**581,808**	704,302
Cost of revenue		**(276,721)**	(319,367)
Gross profit		**305,087**	384,935
Other income	5	**6,192**	8,728
Design and development costs		**(93,230)**	(108,266)
Sales and marketing costs		**(66,890)**	(71,362)
General and administration costs		**(82,567)**	(100,320)
Finance costs		**(15,394)**	(28,258)
Profit before income tax expense		**53,198**	85,457
Income tax expense	6	**(6,647)**	(18,558)
Profit after income tax expense for the period		**46,551**	66,899
Other comprehensive income			
Exchange difference on translation of foreign operations	21(a)(i)	**(5,741)**	(296)
Changes in fair value of interest rate hedge	21(a)(iv)	**570**	(2,164)
Other comprehensive income for the period, net of tax		**(5,171)**	(2,460)
Total comprehensive income for the period		**41,380**	64,439
Profit is attributable to:			
Owners of Aristocrat Leisure Limited		**45,507**	66,140
Non-controlling interest	22	**1,044**	759
		46,551	66,899
Total comprehensive income is attributable to:			
Owners of Aristocrat Leisure Limited		**40,336**	63,680
Non-controlling interest	22	**1,044**	759
		41,380	64,439
Earnings per share for profit attributable to ordinary equity holders of the Company		**Cents**	Cents
Basic earnings per share	32	**8.3**	12.3
Diluted earnings per share	32	**8.3**	12.3

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

as at 30 September 2012

	Notes	30 September 2012 $'000	31 December 2011 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	**22,612**	29,354
Trade and other receivables	9	**253,202**	241,659
Inventories	10	**69,067**	81,603
Financial assets	11	**5,775**	5,014
Other assets	12	**3,479**	6,120
Current tax assets		**249**	1,405
Total current assets		**354,384**	365,155
Non-current assets			
Trade and other receivables	9	**67,552**	78,203
Financial assets	11	**7,410**	8,725
Property, plant and equipment	13	**102,577**	109,267
Deferred tax assets	14	**88,253**	90,832
Intangible assets	15	**104,611**	109,306
Total non-current assets		**370,403**	396,333
Total assets		**724,787**	761,488
LIABILITIES			
Current liabilities			
Trade and other payables	16	**139,693**	156,698
Borrowings	17	**7,000**	-
Provisions	18	**13,514**	13,621
Other liabilities	19	**41,926**	34,845
Total current liabilities		**202,133**	205,164
Non-current liabilities			
Trade and other payables	16	**850**	98
Borrowings	17	**207,453**	261,392
Provisions	18	**14,759**	16,096
Other liabilities	19	**23,068**	26,594
Total non-current liabilities		**246,130**	304,180
Total liabilities		**448,263**	509,344
Net assets		**276,524**	252,144
EQUITY			
Contributed equity	20	**233,137**	209,043
Reserves	21(a)	**(121,580)**	(119,032)
Retained earnings	21(b)	**166,735**	164,863
Capital and reserves attributed to owners		**278,292**	254,874
Non-controlling interest	22	**(1,768)**	(2,730)
Total equity		**276,524**	252,144

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

for the period ended 30 September 2012

	Notes	Attributable to owners of Aristocrat Leisure Limited: Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 January 2011		187,625	(117,827)	120,083	189,881	(2,009)	187,872
Profit for the year		-	-	66,140	66,140	759	66,899
Other comprehensive income		-	(2,460)	-	(2,460)	-	(2,460)
Total comprehensive income for the year		-	(2,460)	66,140	63,680	759	64,439
Transactions with owners in their capacity as owners:							
Shares issued under dividend reinvestment plan	20	6,728	-	-	6,728	-	6,728
Shares issued under dividend underwriting	20	14,690	-	-	14,690	-	14,690
Net movement in share-based payments reserve	21(a)(ii)	-	(820)	-	(820)	-	(820)
Issues from the Trust to satisfy vested shares	21(a)(iii)	-	2,075	-	2,075	-	2,075
Dividends provided for and paid	7	-	-	(21,360)	(21,360)	-	(21,360)
Dividends paid to non-controlling shareholder	22	-	-	-	-	(1,020)	(1,020)
Net movement in reserves attributable to non-controlling interest	22	-	-	-	-	(460)	(460)
		21,418	1,255	(21,360)	1,313	(1,480)	(167)
Balance at 31 December 2011		**209,043**	**(119,032)**	**164,863**	**254,874**	**(2,730)**	**252,144**
Profit for the year		-	-	45,507	45,507	1,044	46,551
Other comprehensive income		-	(5,171)	-	(5,171)	-	(5,171)
Total comprehensive income for the year		**-**	**(5,171)**	**45,507**	**40,336**	**1,044**	**41,380**
Transactions with owners in their capacity as owners:							
Shares issued under dividend reinvestment plan	20	**8,273**	**-**	**-**	**8,273**	**-**	**8,273**
Shares issued under dividend underwriting	20	**15,821**	**-**	**-**	**15,821**	**-**	**15,821**
Net movement in share-based payments reserve	21(a)(ii)	**-**	**(19)**	**-**	**(19)**	**-**	**(19)**
Issues from the Trust to satisfy vested shares	21(a)(iii)	**-**	**2,642**	**-**	**2,642**	**-**	**2,642**
Dividends provided for and paid	7	**-**	**-**	**(43,635)**	**(43,635)**	**-**	**(43,635)**
Net movement in reserves attributable to non-controlling interest	22	**-**	**-**	**-**	**-**	**(82)**	**(82)**
		24,094	**2,623**	**(43,635)**	**(16,918)**	**(82)**	**(17,000)**
Balance at 30 September 2012		**233,137**	**(121,580)**	**166,735**	**278,292**	**(1,768)**	**276,524**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

for the period ended 30 September 2012

	Notes	Consolidated 9 months to 30 September 2012 $'000	12 months to 31 December 2011 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**635,150**	684,126
Payments to suppliers and employees (inclusive of goods and services tax)		**(534,392)**	(565,657)
		100,758	118,469
Other income		**252**	730
Interest received		**5,628**	6,862
Interest paid		**(15,417)**	(24,468)
Income taxes (paid)/refunded		**(3,315)**	6,607
Net cash inflow from operating activities	33	**87,906**	108,200
Cash flows from investing activities			
Payments for property, plant and equipment		**(27,347)**	(56,510)
Payments for intangibles	15	**(2,976)**	(1,872)
Loan repayments from non-controlling interest		**-**	646
Proceeds from sale of property, plant and equipment		**94**	4,937
Net cash outflow from investing activities		**(30,229)**	(52,799)
Cash flows from financing activities			
Proceeds from issue of shares (net of transaction costs)	20	**15,821**	14,690
Repayments of borrowings		**(256,029)**	(252,761)
Proceeds from borrowings		**211,925**	208,270
Dividends paid to company shareholders	7	**(35,362)**	(14,632)
Dividends paid to non-controlling shareholder	22	**-**	(1,020)
Net cash outflow from financing activities		**(63,645)**	(45,453)
Net (decrease)/increase in cash and cash equivalents		**(5,968)**	9,948
Cash and cash equivalents at the beginning of the period		**29,354**	19,840
Effects of exchange rate changes on cash and cash equivalents		**(774)**	(434)
Cash and cash equivalents at the end of period	8	**22,612**	29,354

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

for the period ended 30 September 2012

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Aristocrat Leisure Limited and its subsidiaries (Group).

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, and interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. Aristocrat Leisure Limited is a for-profit entity for the purposes of preparing the financial statements.

The financial year of the Group was changed from 31 December to 30 September during the period to better align the reporting period with Aristocrat's global business cycles. The comparative figures for the statement of comprehensive income, statement of cashflows and statement of changes in equity and related notes are for the 12 months to 31 December 2011. The results for the financial period ended 30 September 2012 are therefore not directly comparable with the results for 31 December 2011.

(i) Compliance with IFRS

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss and for certain classes of property, plant and equipment which have been measured at deemed cost.

(iii) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(iv) Comparatives

Comparative information is reclassified where appropriate to enhance comparability.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company (or parent entity) as at 30 September 2012 and the results of all subsidiaries for the period then ended. The Company and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the business combinations by the Group. Refer to Note 1(i).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of financial position and statement of changes in equity respectively.

Note 1. Summary of significant accounting policies *continued*

(b) Principles of consolidation *continued*

(ii) Employee Share Trust

The Group has formed a trust to administer the Group's employee share scheme. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group.

Treasury shares acquired by Aristocrat Employee Equity Plan Trust are recorded in share-based payment reserves. Information relating to these shares is disclosed in Note 21(a)(ii) and (iii).

(c) Segment reporting

Operating segments are determined in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing the performance of operating segments has been identified as the Board of Directors and the Executive Leadership Team, who have determined operating segments based on a geographical perspective. Further information is provided in Note 4.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges, or are attributable to part of the net investment in a foreign operation.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or borrowings forming part of a net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Notes to the financial statements

for the period ended 30 September 2012

Note 1. Summary of significant accounting policies *continued*

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, settlement discounts and duties and taxes paid. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

(i) Revenue from the sale of goods and licences

Platform/machine sales

Revenue is recognised when goods have been dispatched to a customer pursuant to a sales order, the associated risks have passed to the customer, and it is probable that future economic benefits will flow to the Group.

Value Added Customer Agreements

Revenue arising from Value Added Customer Agreements where gaming machines, games, conversions and other incidental items are licensed to customers for extended periods, is recognised on delivery in the case of gaming machines and games, and for other items including conversions, only as the long-term goods or services are delivered. Where appropriate, receivables are discounted to present values at the relevant implicit interest rates.

Value Added Service Agreements

Revenue arising from Value Added Service Agreements where gaming machines and games are licensed to customers for extended periods and a service fee is payable over the term of the contract for warranty conversions to ensure product performance at or above the agreed level, is recognised on delivery in the case of gaming machines and games, and over the term of the contract on a straight-line basis for the service fee provided for warranty conversions. Where appropriate, receivables are discounted to present values at the relevant implicit interest rates.

Long-term contracts

Revenue on long-term contracts for systems and similar installations is recognised progressively over the period of individual contracts, wherever a reliable estimate can be made, using the percentage of completion method. Where a reliable estimate cannot be made, revenue is recognised to the extent of costs incurred, where it is probable that the costs will be recovered.

Licence income

Licence income is recognised in accordance with the substance of the agreement, at the time when all obligations in relation to the contract have been met. Where there is an ongoing obligation, the revenue is deferred and recognised when the obligations are met.

Note 1. Summary of significant accounting policies *continued*

(e) Revenue recognition *continued*

(ii) Revenue from gaming operations and services

Participation revenue

Participation revenue is where the Group's owned machines are placed directly by the Group or indirectly through a licensed operator in venues in return for a fee per day which can either be fixed or performance based. The amount of revenue recognised is calculated by either: (i) multiplying a daily fee by the total number of days the machine has been operating on the venue floor in the reporting period; or (ii) an agreed fee based upon a percentage of turnover of participating machines.

Rental

Rental income from operating leases is recognised on a straight-line basis over the term of the operating lease contract.

Service revenue

Service revenue is recognised as work is performed, other than for service agreements, where revenue is recognised evenly over the period of the service agreement.

Revenue in advance

Revenue derived from prepaid service contracts is apportioned on a pro-rata basis over the life of each respective agreement. Amounts received at reporting date in respect of future periods are treated as revenue in advance and are included in liabilities.

(iii) Interest income

Interest income is recognised using the effective interest method.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities, current income tax of prior years, unused tax losses and unused tax credits.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between tax bases of assets and liabilities and their carrying amount in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and unused tax credits only if it is probable that future taxable amounts will be available to utilise those temporary differences, losses and tax credits.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income or directly in equity, respectively.

Note 1. Summary of significant accounting policies *continued*

(g) Tax consolidation legislation

The Company and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 January 2004.

The head entity, Aristocrat Leisure Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured by applying a group allocation approach, which uses a combination between the 'stand alone tax payer' and 'separate tax payer within a group' approach as described in UIG 1052 *Tax Consolidation Accounting* .

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under the tax funding agreement with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. Details about the tax funding agreement are disclosed in Note 6.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(h) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property, or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term, if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

(i) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, shares issued or liabilities incurred or assumed by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs for business combinations from 1 January 2010 are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree and the acquisition-date fair value over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Note 1. Summary of significant accounting policies *continued*

(j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(k) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(l) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor and the probability that the debtor will default on payments are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the profit or loss.

(m) Inventories

(i) Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Contract work in progress

Contract work in progress is stated at cost less progress billings. Cost includes all costs directly related to specific contracts and an allocation of overhead expenses incurred in connection with the Group's contract operations. Where a loss is indicated on completion, the work in progress is reduced to the level of recoverability less progress billings.

(n) Intellectual property rights

A controlled entity has entered into an agreement to purchase intellectual property rights in the form of licence tags to certain technology relating to cashless gaming systems in the United States. These rights are capitalised and subsequently expensed as and when the licence tags are consumed.

Note 1. Summary of significant accounting policies *continued*

(o) Investments and other financial assets

Classification

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of the Group's investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months, otherwise they are classified as non-current.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in profit or loss as gains and losses from investment securities.

Measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the statement of comprehensive income as part of other income when the Group’s right to receive payments is established.

Note 1. Summary of significant accounting policies *continued*

(o) Investments and other financial assets *continued*

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in Note 1(q).

Impairment

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(p) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (i) hedges of the fair value of recognised assets or liabilities or a firm commitment ('fair value hedges'); or (ii) hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions ('cash flow hedges').

Where hedge accounting is adopted, the Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been, and will continue to be, highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging borrowings is recognised in the profit and loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk.

(ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss within other income or other expense.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item will affect profit or loss (for instance, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs'.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or other expenses.

(q) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and for disclosure purposes.

Note 1. Summary of significant accounting policies *continued*

(q) Fair value estimation *continued*

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(r) Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated remaining useful lives, as follows:

- Buildings	25 years
- Leasehold improvements	2-10 years
- Plant and equipment	2-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to Note 1(j)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(s) Intangible assets

(i) Goodwill

Goodwill is measured as described in Note 1(i). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. A cash generating unit is the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Each of those cash-generating units represents the Group's investment in each region of operation by each operating segment. Refer to Note 15.

(ii) Computer technology

Computer technology has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Computer technology acquired through a business combination is measured at fair value at acquisition date. Amortisation is calculated using the straight-line method to allocate the value of computer technology over its estimated useful life, which varies from 3 to 10 years.

Note 1. Summary of significant accounting policies *continued*

(s) Intangible assets *continued*

(iii) Trademarks and licences

Trademarks and licences that have a finite useful life are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives, which vary from 3 to 12 years. Licences which have an indefinite life are not amortised, and are tested for impairment at each reporting date.

(iv) Design and development

Design expenditure is recognised as an expense as incurred.

An intangible asset arising from development expenditure is only recognised when all of the recognition criteria can be demonstrated. The recognition criteria for the development activity are:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the generation by the intangible asset of probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

As at reporting date, only development costs relating to the creation of an asset that can be used or sold and can be reliably measured are capitalised as intangible assets. Capitalised amounts are amortised over 5 -10 years.

Other development costs that do not meet these criteria are recognised in profit or loss as incurred.

(t) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30-120 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Payables include short-term employee benefits. Refer to Note 1(x).

(u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(v) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed as incurred.

(w) Provisions

Provisions are recognised when: (i) the Group has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Note 1. Summary of significant accounting policies *continued*

(w) Provisions *continued*

(i) Progressive jackpot liabilities

In certain jurisdictions in the United States, the Group is liable for progressive jackpots, which are paid as an initial amount followed by either: (i) an annuity paid out over 19 or 20 years after winning; or (ii) a lump sum amount equal to the present value of the progressive component. Base jackpots are charged to cost of sales when the jackpot is won.

(ii) Warranties

Provision is made for the estimated liability on all products still under warranty at reporting date. The amount of the provision is the estimated cash flows expected to be required to settle the warranty obligations, having regard to the service warranty experience and the risks of the warranty obligations. The provision is not discounted to its present value as the effect of discounting is not material.

(iii) Make good allowances

Provision is made for the estimated liability where required on leases still held at reporting date. The amount of the provision is the estimated discounted cash flows expected to be required to satisfy the make good clauses in the lease contracts.

(x) Employee benefits - payable

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Other long-term benefit obligations

The liability for long service leave and annual leave not expected to be settled within 12 months is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Retirement benefit obligations

The Group pays contributions to approved defined contribution funds. Contributions are recognised as an expense when they become payable.

(iv) Share-based payments

Share-based compensation benefits are provided to employees via the Performance Share Plan, Deferred Equity Employee Plan, Deferred Short Term Incentive Plan and the General Employee Share Plan.

The fair value of rights granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights granted, which includes any market performance conditions and the impact of non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of rights that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Note 1. Summary of significant accounting policies *continued*

(x) Employee benefits - payable *continued*

(iv) Share-based payments (continued)

Upon the exercise of options or rights, the balance of the share-based payments reserve relating to those rights is transferred to share capital only if the shares are a new issue from contributed equity.

Shares issued through Aristocrat Employee Equity Plan Trust continue to be recognised in the share-based payments reserve in equity. Similarly, treasury shares acquired by Aristocrat Employee Equity Plan Trust are recorded in share-based payments trust reserves. Information relating to these shares is disclosed in Note 21(a)(ii) and (iii).

The market value of shares issued to employees for no cash consideration under the General Employee Share Plan is recognised as an employee benefits expense with a corresponding increase in reserves.

(v) Bonus plans

The Group recognises a liability and an expense for bonuses based on criteria that takes into account the profit attributable to the Company's shareholders. The Group recognises a liability where contractually obliged or where there is past practice that has created a constructive obligation. Where bonus plans are settled by way of the issue of shares in the Company, the expense is accounted for as part of the share based payments expense.

(vi) Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(vii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(y) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in contributed equity as a deduction, net of tax, from the proceeds.

If the entity reacquires its own equity instruments, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental cost (net of income taxes) is recognised directly in equity.

(z) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at reporting date.

Note 1. Summary of significant accounting policies *continued*

(aa) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the post-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(ab) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the net asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(ac) Rounding of amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(ad) Parent entity financial information

The financial information for the parent entity, Aristocrat Leisure Limited, disclosed in Note 35 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries are accounted for at cost less impairment charges in the financial statements of Aristocrat Leisure Limited.

(ii) Tax consolidation legislation

Aristocrat Leisure Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Aristocrat Leisure Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Aristocrat Leisure Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Aristocrat Leisure Limited for any current tax payable assumed and are compensated by Aristocrat Leisure Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Aristocrat Leisure Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

Notes to the financial statements
for the period ended 30 September 2012

Note 1. Summary of significant accounting policies *continued*

(ad) Parent entity information *continued*

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year.

The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(ae) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2012 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective for annual reporting periods beginning on or after 1 January 2015). AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular the group's accounting for its available for sale assets since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated as at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The group has not yet decided when to adopt AASB 9.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013). AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements.

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (effective 1 July 2012). In September 2011, the AASB made an amendment to AASB 101 Presentation of Financial Statements which requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. This will not affect the measurement of any of the items recognised in the balance sheet or the profit or loss in the current period. The group intends to adopt the new standard from 1 October 2012.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective 1 July 2013). In July 2011 the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 Related Party Disclosures, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the Corporations Act 2001. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The Corporations Act requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future.

Note 2. Financial risk management

The Group's activities expose it to a variety of financial risks, which include: market risk (including cash flow and fair value interest rate risk, foreign exchange risk and price risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Financial risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

(a) Market risk

(i) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from floating rate borrowings drawn under bank debt facilities. If deemed necessary, the Group has the ability to manage floating interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating to fixed rates. Under the Group Treasury policy, the mix between fixed and floating rate debt is reviewed on a regular basis. The Group had predominantly floating rate Australian dollar and US dollar denominated borrowings during 2012. The Group had interest rate swaps in place at 30 September 2012 amounting to $100,000,000 in order to reduce exposure to changes in floating interest rates.

The weighted average interest rate on the Group's borrowings at 30 September 2012 was 3.8% (2011: 4.4%).

Refer to Note 17 for further details of the Group's borrowings.

Group sensitivity

A sensitivity analysis of interest rate risk on the Group's financial assets and liabilities is provided in the table at Note 2(a)(iv).

(ii) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Japanese yen.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. Refer to Notes 9(i) and 16(a) for receivables and payables denominated in foreign currencies.

The Group's foreign exchange hedging policy is to reduce the foreign exchange risk associated with transactional exposures, primarily over a 12-month horizon. External foreign exchange contracts are designated at the Group level as hedges of foreign exchange risk on specific foreign currency denominated transactions.

Unrealised gains or losses on outstanding foreign exchange contracts are taken to the Group's profit or loss on a monthly basis.

Group sensitivity

A sensitivity analysis of foreign exchange risk on the Group's financial assets and liabilities is provided in the table at Note 2(a)(iv).

(iii) Price risk

The Group is exposed to equity securities price risk. This arises from an investment held by the Group and classified in the statement of financial position as available-for-sale. The Group's exposure to commodity price risk is indirect and is not considered likely to be material. Changes in price risk are unrealised and reflected through equity.

The Group's equity investment is in PokerTek Inc. shares publicly traded on the NASDAQ Index in the United States.

Notes to the financial statements
for the period ended 30 September 2012

Note 2. Financial risk management *continued*

(iv) Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk, foreign exchange risk and price risk. These sensitivities are prior to the offsetting impact of hedging instruments, and are shown on a pre-tax basis:

Group sensitivity

2012	Carrying amount $'000	Interest rate risk -1% Profit $'000	Interest rate risk +1% Profit $'000	Foreign exchange risk -10% Profit $'000	Foreign exchange risk +10% Profit $'000	Price risk -10% Equity $'000	Price risk +10% Equity $'000
Financial assets							
Cash and cash equivalents	22,612	(226)	226	89	(73)	-	-
Receivables	316,630	-	-	4,110	(3,363)	-	-
Loans - other	4,124	(41)	41	458	(375)	-	-
Financial assets:							
Equity securities available-for-sale, non-current	1,391	-	-	-	-	(139)	139
Debt securities held-to-maturity	11,794	(118)	118	-	-	-	-
Financial liabilities							
Payables	140,543	-	-	(390)	319	-	-
Borrowings	214,453	2,145	(2,145)	-	-	-	-
Progressive jackpot liabilities	9,167	92	(92)	-	-	-	-
Total increase/(decrease)		**1,852**	**(1,852)**	**4,267**	**(3,492)**	**(139)**	**139**

2011	Carrying amount $'000	Interest rate risk -1% Profit $'000	Interest rate risk +1% Profit $'000	Foreign exchange risk -10% Profit $'000	Foreign exchange risk +10% Profit $'000	Price risk -10% Equity $'000	Price risk +10% Equity $'000
Financial assets							
Cash and cash equivalents	29,354	(282)	282	(211)	173	-	-
Receivables	315,804	-	-	3,188	(2,609)	-	-
Loans - other	4,058	(41)	41	451	(369)	-	-
Financial assets:							
Equity securities available-for-sale, non-current	1,391	-	-	-	-	(139)	139
Debt securities held-to-maturity	12,348	(123)	123	-	-	-	-
Financial liabilities							
Payables	156,796	-	-	(615)	503	-	-
Borrowings	261,392	2,613	(2,613)	-	-	-	-
Progressive jackpot liabilities	10,268	103	(103)	-	-	-	-
Total increase/(decrease)		**2,270**	**(2,270)**	**2,813**	**(2,302)**	**(139)**	**139**

Note 2. Financial risk management *continued*

(b) Credit risk

Credit risk is managed on a Group basis. The Group has no significant concentration of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

For all cash and cash equivalents these are held with counterparties which are rated 'A' or higher.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available. Group Treasury policy requires that the drawn portion of committed facilities must remain below 80% of the sum of committed facilities at any time.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising of the undrawn borrowing facilities below) on the basis of expected cash flows.

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	Consolidated	
	2012	2011
	$'000	$'000
Floating Rate		
- Expiring within one year (bank loans and bank overdrafts)	**26,564**	33,973
- Expiring beyond one year (bank loans)	**167,547**	188,608
	194,111	222,581

The short term bank loans and overdraft facilities may be drawn at any time and are subject to annual review.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity grouping as follows:

(a) based on their contractual maturities:

(i) all non-derivative financial liabilities, and

(ii) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

(b) based on the remaining period to the expected settlement date:

(i) derivative financial liabilities for which the contractual maturities are not essential for an understanding of the timing of cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

Note 2. Financial risk management *continued*

(c) Liquidity risk *continued*

Contractual maturities of financial liabilities	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
Group - at 30 September 2012	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-derivatives							
Trade payables	**51,579**	**-**	**-**	**-**	**-**	**51,579**	**51,579**
Other payables	**88,114**	**-**	**850**	**-**	**-**	**88,964**	**88,964**
Borrowings	**-**	**7,000**	**-**	**207,453**	**-**	**214,453**	**214,453**
Borrowings - interest payments	**4,075**	**4,075**	**8,149**	**8,149**	**-**	**24,448**	**-**
Progressive jackpot liabilities	**349**	**2,613**	**1,196**	**2,748**	**2,261**	**9,167**	**9,167**
Total non-derivatives	**144,117**	**13,688**	**10,195**	**218,350**	**2,261**	**388,611**	**364,163**
Derivatives							
Net settled (interest rate swaps)	**-**	**1,594**	**-**	**-**	**-**	**1,594**	**1,594**
Gross settled (forward foreign exchange contracts - cash flow hedges)							
- (inflow)	**(7,550)**	**(2,268)**	**-**	**-**	**-**	**(9,818)**	**(535)**
- outflow	**7,308**	**1,975**	**-**	**-**	**-**	**9,283**	**-**
	(242)	**(293)**	**-**	**-**	**-**	**(535)**	**(535)**
Group - at 31 December 2011	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-derivatives							
Trade payables	66,274	-	-	-	-	66,274	66,274
Other payables	88,260	-	98	-	-	88,358	88,358
Borrowings	-	-	261,392	-	-	261,392	261,392
Borrowings - interest payments	5,750	5,750	5,750	-	-	17,250	-
Progressive jackpot liabilities	310	2,622	2,469	2,941	1,926	10,268	10,268
Total non-derivatives	160,594	8,372	269,709	2,941	1,926	443,542	426,292
Derivatives							
Net settled (interest rate swaps)	-	-	2,164	-	-	2,164	2,164
Gross settled (forward foreign exchange contracts - cash flow hedges)							
- (inflow)	(1,653)	-	(2,268)	-	-	(3,921)	(669)
- outflow	-	-	-	-	-	-	-
	(1,653)	-	(2,268)	-	-	(3,921)	(669)

Notes to the financial statements

for the period ended 30 September 2012

Note 2. Financial risk management *continued*

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from process) (level 2); and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following tables present the Group's assets and liabilities measured and recognised at fair value at 30 September 2012 and 31 December 2011.

Group as at 30 September 2012	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Derivatives used for hedging	-	535	-	535
Financial assets available-for-sale, non-current	1,391	-	-	1,391
Total assets	1,391	535	-	1,926
Liabilities				
Interest rate swaps	-	1,594	-	1,594
Total liabilities	-	1,594	-	1,594

Group as at 31 December 2011	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Derivatives used for hedging	-	669	-	669
Financial assets available-for-sale, non-current	1,391	-	-	1,391
Total assets	1,391	669	-	2,060
Liabilities				
Interest rate swaps	-	2,164	-	2,164
Total liabilities	-	2,164	-	2,164

The total value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. These instruments are included in Level 2.

The carrying amount of trade receivables and trade payables are assumed to approximate their fair values due to their short term nature. The fair value of financial assets for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Note 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in relation to impairment of intangibles, income taxes and the carrying value of inventories.

(i) Estimated recoverable amount of goodwill and intangible assets
The Group tests annually whether goodwill and other intangible assets that are not amortised have suffered any impairment, in accordance with the accounting policy stated in Note 1(s). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations and fair value less cost to sell. These calculations require the use of assumptions. Refer to Note 15 for details of these assumptions and the potential impact of changes to the assumptions.

(ii) Income taxes
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.

(iii) Carrying value of inventories
The Group assesses at each reporting date whether inventory is recorded at the lower of cost and net realisable value, including assessing the expected sales of slow moving inventories. These assessments involve estimates and assumptions that are based on current expectations of demand and market conditions, including opportunities to sell into new markets.

Notes to the financial statements

for the period ended 30 September 2012

Note 4. Segment information

(a) Segment information provided to the chief operating decision maker

2012	Americas $'000	Australia and NZ $'000	Japan $'000	Rest of world $'000	Consolidated $'000
Revenue					
Revenue from external customers	**264,650**	**137,804**	**92,459**	**86,895**	**581,808**
Other segment revenue	**-**	**4,373**	**-**	**-**	**4,373**
Segment revenue	**264,650**	**142,177**	**92,459**	**86,895**	**586,181**
Result					
Segment result	**81,199**	**47,609**	**20,991**	**28,487**	**178,286**
Interest revenue not allocated to segments					**1,524**
Interest expense					**(15,394)**
Design and development costs					**(93,230)**
Other					**(17,988)**
Profit before tax					**53,198**
Income tax expense					**(6,647)**
Net profit after tax					**46,551**
Other segment information					
Depreciation and amortisation expense	**16,298**	**7,132**	**1,401**	**3,635**	**28,466**

2011	Americas $'000	Australia and NZ $'000	Japan $'000	Rest of world $'000	Consolidated $'000
Revenue					
Revenue from external customers	330,892	185,895	43,336	144,179	704,302
Other segment revenue	-	4,711	-	-	4,711
Segment revenue	330,892	190,606	43,336	144,179	709,013
Result					
Segment result	114,673	69,542	615	52,978	237,808
Interest revenue not allocated to segments					2,950
Interest expense					(28,258)
Design and development costs					(100,874)
Other					(26,169)
Profit before tax					85,457
Income tax expense					(18,558)
Net profit after tax					66,899
Other segment information					
Depreciation and amortisation expense	18,378	11,770	1,646	5,390	37,184

Note 4. Segment information *continued*

(b) Notes to the segment information

Management has determined the operating segments based on the reports reviewed by the Board of Directors and the Executive Leadership Team. Reports reviewed consider the business from a geographical perspective. The following reportable segments have been identified:

- The Americas
- Australia and New Zealand
- Japan
- Rest of world

(i) Segment results

Segment result is measured on the basis of segment profit before tax and excludes design and development expenditure, charges for intercompany licence fees and advanced pricing agreements, impairment of intangibles and other non-trading assets. Head office expenses are included in the segment result as they are allocated and charged out to each of the segments. Segment revenues are allocated based on the country in which the customer is located. Segment revenues and expenses are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis.

Segment revenues, expenses and results exclude transfers between segments. The revenue from external parties reported to the chief operating decision maker is measured in a manner consistent with that in the statement of comprehensive income.

The activities of the entities in the Group are predominantly within a single business which is the development, assembly, sale, distribution and service of gaming machines and systems.

(ii) Head office expenses

Head office expenses are included in the segment result as they are allocated and charged out to each of the segments.

	Notes	Consolidated 9 months to 30 September 2012 $'000	12 months to 31 December 2011 $'000

Note 5. Profit for the period

(a) Revenue

	Notes	9 months to 30 September 2012 $'000	12 months to 31 December 2011 $'000
Sale of goods	1(e)(i)	**415,120**	491,698
Gaming operations and services	1(e)(ii)	**166,688**	212,604
Total revenue		**581,808**	704,302

(b) Other income

	Notes	9 months to 30 September 2012 $'000	12 months to 31 December 2011 $'000
Interest		**5,897**	7,661
Foreign exchange gains	5(d)	**35**	240
Gain on disposal of property, plant and equipment	5(e)	**8**	97
Sundry income		**252**	730
Total other income		**6,192**	8,728

(c) Expenses
(i) Depreciation and amortisation

	Notes	9 months to 30 September 2012 $'000	12 months to 31 December 2011 $'000
Depreciation and amortisation of property, plant and equipment			
- Buildings		**431**	519
- Plant and equipment		**21,260**	27,383
- Leasehold improvements		**1,798**	2,646
Total depreciation and amortisation of property, plant and equipment	13	**23,489**	30,548
Amortisation of intangible assets			
- Computer technology		**4,365**	5,994
- Licences		**130**	-
- Development costs		**482**	642
Total amortisation of intangible assets	15	**4,977**	6,636
Total depreciation and amortisation		**28,466**	37,184

(ii) Employee benefits expense

	Notes	9 months to 30 September 2012 $'000	12 months to 31 December 2011 $'000
Salaries and wages		**140,403**	177,362
Superannuation costs		**6,699**	7,445
Post-employment benefits other than superannuation		**4,898**	2,322
Share-based payments expense	28(e)	**4,849**	785
Total employee benefits expense		**156,849**	187,914

(iii) Lease payments

	Notes	9 months to 30 September 2012 $'000	12 months to 31 December 2011 $'000
Rental expense relating to operating leases			
- Minimum lease payments		**13,467**	17,336

(iv) Other significant items

	Notes	9 months to 30 September 2012 $'000	12 months to 31 December 2011 $'000
- Write down of inventories to net realisable value		**3,409**	5,552
- Legal costs		**6,688**	9,994

(d) Net foreign exchange (loss)/gain

	Notes	9 months to 30 September 2012 $'000	12 months to 31 December 2011 $'000
Foreign exchange gain		**35**	240
Foreign exchange loss		**(3,109)**	(2,814)
Net foreign exchange (loss)/gain		**(3,074)**	(2,574)

(e) Net (loss)/gain on disposal of property, plant and equipment

	Notes	9 months to 30 September 2012 $'000	12 months to 31 December 2011 $'000
Gain on disposal of property, plant and equipment		**8**	97
Loss on disposal of property, plant and equipment		**(279)**	(565)
Net (loss)/gain on disposal of property, plant and equipment		**(271)**	(468)

Notes to the financial statements

for the period ended 30 September 2012

Note 6. Income tax expense

Major components of income tax expense are:

	Consolidated 9 months to 30 September 2012 $'000	Consolidated 12 months to 31 December 2011 $'000
(a) Income tax expense		
Current income tax	**13,456**	5,029
Deferred income tax	**(3,745)**	19,336
Adjustments in respect of current income tax of previous years	**(3,064)**	(5,807)
Income tax expense	**6,647**	18,558
Deferred income tax expense included in income tax expense comprises:		
(Increase)/decrease in deferred tax asset	**(706)**	15,571
(Decrease)/increase in deferred tax liabilities	**(3,039)**	3,765
Deferred income tax expense included in income tax expense	**(3,745)**	19,336
(b) Reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	**53,198**	85,457
Tax at the Australian tax rate of 30% (2011: 30%)	**15,959**	25,637
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Design and development	**(1,894)**	(3,113)
Tax losses not previously recognised	**(1,600)**	(364)
Overseas exempt income and non-creditable taxes	**(4,737)**	(3,684)
Legal & entertainment costs	**427**	763
Other non deductible expenses	**1,043**	4,435
	9,198	23,674
Difference in overseas tax rates	**2,371**	652
Difference in exchange rates on overseas tax rates	**845**	(12)
Tax losses not recognised	**2**	-
Adjustment in respect of previous years income tax:		
Current income tax	**(3,064)**	(5,807)
Deferred income tax	**(2,705)**	51
Income tax expense	**6,647**	18,558
Average effective tax rate	**12.49%**	21.72%
(c) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly (debited) or credited to equity		
Current income tax - credited/(debited) directly to equity	**-**	(250)
Net deferred tax - credited/(debited) directly to equity	**(2,220)**	681
Aggregate current and deferred tax arising in the reporting period directly (debited) or credited to equity	**(2,220)**	431

Notes to the financial statements

for the period ended 30 September 2012

	Consolidated	
	2012	2011
	$'000	$'000

Note 6. Income tax expense *continued*

(d) Revenue and capital tax losses

Unused gross tax losses for which no deferred tax asset has been recognised	**8,502**	12,641
Unused gross capital tax losses for which no deferred tax asset has been recognised	**53,450**	53,450
	61,952	66,091
Potential tax benefit	**18,271**	19,847

Unused revenue losses were incurred by Aristocrat Leisure Limited's overseas subsidiaries. All unused capital tax losses were incurred by Australian entities.

(e) Unrecognised temporary differences

Deferred tax assets on general temporary differences	**130**	139
	130	139

Under Australian tax law, the taxable profit made by a tax consolidated group in relation to an entity leaving the group depends on a range of factors, including the tax values and/or carrying values of assets and liabilities of the leaving entity which vary in line with the transactions and events recognised in each entity. The taxable profit or loss ultimately made on the disposal of investments within the tax consolidated group will therefore depend upon when each entity leaves the tax consolidated group and the assets and liabilities that the leaving entity holds at that time.

The Australian tax consolidated group considers the effects of the entities entering or leaving the tax consolidated group to be a change of tax status that is only recognised when those events occur. As a result, temporary differences and deferred tax liabilities have not been measured or recognised in relation to investments within the tax consolidated group.

The deferred tax balances in relation to Aristocrat Leisure Limited's indirect overseas investments have not been recognised. The accounting policy in relation to this is set out in Note 1(f).

(f) Tax consolidation legislation

Aristocrat Leisure Limited and its wholly-owned Australian controlled entities have implemented tax consolidation legislation as of 1 January 2004. The accounting policy in relation to this legislation is set out in Note 1(g).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Aristocrat Leisure Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Aristocrat Leisure Limited for any current tax payable assumed and are compensated by Aristocrat Leisure Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Aristocrat Leisure Limited under the tax consolidation legislation. The funding amounts are determined by reference to the tax funding agreement which applies a group allocation approach, taking into account a combination between the 'stand alone taxpayer' and a 'separate taxpayer within a group' amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Notes to the financial statements
for the period ended 30 September 2012

	Consolidated 2012 $'000	2011 $'000

Note 7. Dividends

Ordinary shares

Final dividends paid		
- 2010 - 1.5 cents, unfranked, per fully paid share paid on 28 March 2011	-	7,986
- 2011 - 4.0 cents, unfranked, per fully paid share paid on 3 April 2012	21,668	-
Interim dividends paid		
- 2011 - 2.5 cents, unfranked, per fully paid share paid on 30 September 2011	-	13,374
- 2012 - 4.0 cents, unfranked, per fully paid share paid on 28 September 2012	21,967	-
Total dividends paid and provided during the year	43,635	21,360
Dividends paid were satisfied as follows:		
Paid in cash	35,474	14,690
Dividend received by Aristocrat Employee Equity Plan Trust	(112)	(58)
Paid through the Dividend Reinvestment Plan	8,273	6,728
	43,635	21,360

Dividends not recognised at period end

Since the end of the year, the Directors have recommended the payment of a final dividend of 2.0 cents (2011: 4.0 cents) per fully paid ordinary share, unfranked. The aggregate amount of the proposed final dividend expected to be paid on 21 December 2012 out of retained earnings at 30 September 2012, but not recognised as a liability at the end of the year is $11,028,000.

Franked dividends

	Consolidated 2012 $'000	2011 $'000
Estimated franking credits expected to be available for subsequent financial years based on a tax rate of 30% (2011: 30%)	-	-

The above amounts represent the balance of the franking account of the parent entity as at the end of the period, adjusted for:

- franking credits that will arise from the payment of the current tax liability;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- franking credits that may be prevented from being distributed in subsequent financial years.

Notes to the financial statements
for the period ended 30 September 2012

	Consolidated	
	2012	2011
	$'000	$'000

Note 8. Cash and cash equivalents

Cash at bank and in hand	**22,612**	29,354

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Risk exposure

The Group's exposure to interest rate risk is discussed in Note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

Note 9. Trade and other receivables

	2012 $'000	2011 $'000
Current		
Trade receivables	**226,495**	229,090
Provision for impairment of receivables	**(7,025)**	(7,603)
	219,470	221,487
Other receivables	**32,381**	18,621
Loans to non-controlling parties - secured	**1,351**	1,551
	253,202	241,659

Current receivables other than loans to non-controlling interest are non-interest bearing and are generally on 30 day terms from the date of billing.

	2012 $'000	2011 $'000
Non-current		
Trade receivables	**59,726**	70,847
Other receivables	**5,053**	4,849
Loans to non-controlling parties - secured	**2,773**	2,507
	67,552	78,203

(a) Trade receivables - current

At period end, the ageing analysis of trade receivables is as follows:

	Total $'000	Current $'000	0-30 days $'000	31-60 days $'000	61-90 days $'000	91+ days $'000
2012 Consolidated	**226,495**	**200,752**	**16,995**	**2,288**	**3,198**	**3,262**
2011 Consolidated	229,090	216,103	5,101	2,175	1,558	4,153

As of 30 September 2012, trade receivables of $752,598 (2011: $648,800) were past due and considered impaired and trade receivables of $24,990,308 (2011:$12,338,337) were past due but not impaired. The ageing of past due and not impaired amounts is as follows:

	Total $'000	Current $'000	0-30 days $'000	31-60 days $'000	61-90 days $'000	91+ days $'000
2012 Consolidated	**24,990**	**-**	**16,969**	**2,286**	**3,181**	**2,554**
2011 Consolidated	12,338	-	5,101	2,163	1,540	3,534

An assessment of whether trade receivables are likely to be collected is performed at each reporting period, based on the meeting of payment terms, past credit history and negotiations with customers.

	Consolidated	
	2012	2011
	$'000	$'000
Note 9. Trade and other receivables *continued*		
(a) Trade receivables - current *continued*		
Movements in the provision for impairment of receivables is as follows:		
At 1 January	**(7,603)**	(5,085)
Provision for impairment recognised during the year	**(1,256)**	(3,229)
Foreign currency exchange differences	**203**	(7)
Provisions no longer required	**1,631**	718
At end of period	**(7,025)**	(7,603)

The creation and release of the provision for impaired receivables has been included in general and administration costs in the statement of comprehensive income. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash. Included in the provision above is $6,230,000 (2011:$6,908,000) relating to Latin America trade receivables.

(b) Trade receivables - non-current

No provision for impairment of receivables has been carried forward against the non-current receivables (2011: $nil). There are no other non-current receivables that are impaired or past due but not impaired.

(c) Other receivables - current

These include prepayments and other receivables incurred under normal terms and conditions and which do not earn interest.

(d) Other receivables - non-current

These include long-term deposits and prepayments and other receivables incurred under normal terms and conditions and which do not earn interest.

(e) Loan to non-controlling shareholders

This represents a loan issued to a third party on the partial sale of a subsidiary in the African operations (refer to Note 31). The loan is for a term of seven years with annual principal and interest payments due in March of each year. The annual interest rate is the South African prime bank overdraft rate less one percent. The annual repayments are funded from the dividend payment by the African operations to the non-controlling shareholders.

(f) Interest rate and foreign exchange risk

Details regarding foreign exchange and interest rate risk exposure are disclosed in Note 2(a)(i) and (ii).

(g) Fair value risk - current

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

(h) Fair value - non-current

The fair values of non-current receivables approximate their discounted carrying values.

Note 9. Trade and other receivables *continued*

(i) Interest rate and foreign currency risk

The carrying amounts of the Group's current and non-current receivables are denominated in the following currencies:

	Consolidated 2012 $'000	2011 $'000
US dollars	**143,896**	140,646
Australian dollars	**101,550**	109,547
Other*	**75,308**	69,669
	320,754	319,862
Current receivables	**253,202**	241,659
Non-current receivables	**67,552**	78,203
	320,754	319,862

* Other refers to a basket of currencies (Japanese yen, Euro, South African rand, New Zealand dollars, Swedish krona).

Details regarding interest rate and foreign exchange risk exposure are disclosed in Note 2(a)(i) and (ii).

(j) Credit risk

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to Note 2 for more information on the risk management policy of the Group. The Group holds guarantees over the debts of certain customers. The value of debtor balances over which guarantees are held is detailed below:

	Consolidated 2012 $'000	2011 $'000
Trade receivables(1) with guarantees	**3,372**	9,424
Trade receivables(1) without guarantees	**275,824**	282,910
	279,196	292,334

(1) Includes current and non-current trade receivables, net of provision for impairment of receivables.

(k) Leasing arrangements

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

	Consolidated 2012 $'000	2011 $'000
Minimum lease payments under finance leases are receivable as follows:		
Within one year	**12,877**	6,545
Later than one year but not later than 5 years	**10,319**	8,769
Gross investment in leases	**23,196**	15,314
Unearned finance income		
Within one year	**1,456**	612
Later than one year but not later than 5 years	**2,021**	902
	3,477	1,514
The present value of minimum lease payments is as follows:		
Within one year	**11,421**	5,933
Later than one year but not later than 5 years	**8,298**	7,867
	19,719	13,800
Lease receivables are classified as follows:		
Current	**11,421**	5,933
Non-current	**8,298**	7,867
	19,719	13,800

Notes to the financial statements
for the period ended 30 September 2012

	Notes	Consolidated 2012 $'000	2011 $'000
Note 10. Inventories			
Current			
Raw materials and stores - at cost		**60,688**	76,147
Provision for obsolescence		**(23,954)**	(23,383)
		36,734	52,764
Work in progress - at cost		**2,194**	3,395
Finished goods - at cost		**28,645**	36,570
Provision for obsolescence		**(1,640)**	(2,499)
		27,005	34,071
Contract work in progress		**333**	569
Inventory in transit - at cost		**2,801**	1,510
		69,067	81,603

Inventory expense
Inventories recognised as an expense during the period ended 30 September 2012 amounted to $179,458,000 (2011: $192,146,000).

Note 11. Financial assets

	Notes	2012 $'000	2011 $'000
Current			
Debt securities held-to-maturity		**5,775**	5,014
Non-current			
Debt securities held-to-maturity		**6,019**	7,334
Available-for-sale equity securities	11(a)	**1,391**	1,391
		7,410	8,725

(a) Available-for-sale equity securities		2012 $'000	2011 $'000
Balance at the beginning of the year		**1,391**	6,015
Transfers to debt securities held-to-maturity		**-**	(4,630)
Foreign exchange differences		**-**	6
Balance at the end of the year		**1,391**	1,391

Note 11. Financial assets *continued*

(b) Impairment and risk exposure - available-for-sale financial assets

The maximum exposure to credit risk at the reporting date is the carrying amount of the investments.

For an analysis of the sensitivity of available-for-sale financial assets to interest rate, foreign exchange and price risk, refer to Note 2.

(c) Impairment and risk exposure - held-to-maturity investments

The maximum exposure to credit risk at the reporting date is the carrying amount of the investments. All investments were issued by entities rated 'A' or higher.

None of the held-to-maturity investments are either past due or impaired.

All held-to-maturity investments are denominated in US dollars. Details regarding interest rate and foreign exchange risk exposure are disclosed in Note 2. There is also no exposure to price risk as the investments will be held to maturity.

Note 12. Other assets

		Consolidated	
	Notes	**2012 $'000**	2011 $'000
Intellectual property rights	1(n)	**3,479**	6,120

Notes to the financial statements
for the period ended 30 September 2012

	Consolidated	
	2012	2011
	$'000	$'000

Note 13. Property, plant and equipment

Land and buildings		
Land and buildings - at deemed cost	**12,671**	12,939
Leasehold improvements - at cost	**32,141**	32,238
Accumulated amortisation	**(15,691)**	(13,844)
	16,450	18,394
Total land and buildings	**29,121**	31,333
Plant and equipment		
Plant and equipment owned - at cost	**174,580**	171,331
Accumulated depreciation	**(101,124)**	(93,397)
Total plant and equipment	**73,456**	77,934
	102,577	109,267

Reconciliations
Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

	Land and buildings $'000	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Consolidated				
Carrying amount at 1 January 2011	13,128	20,507	66,506	100,141
Additions	262	203	57,374	57,839
Disposals	-	-	(5,405)	(5,405)
Transfers	62	320	(12,591)	(12,209)
Depreciation and amortisation	(519)	(2,646)	(27,383)	(30,548)
Foreign currency exchange movements	6	10	(567)	(551)
Carrying amount at 31 December 2011	12,939	18,394	77,934	109,267
Additions	**537**	**65**	**26,366**	**26,968**
Disposals	**-**	**-**	**(298)**	**(298)**
Transfers	**-**	**-**	**(7,647)**	**(7,647)**
Depreciation and amortisation	**(431)**	**(1,798)**	**(21,260)**	**(23,489)**
Foreign currency exchange differences	**(374)**	**(211)**	**(1,639)**	**(2,224)**
Carrying amount at 30 September 2012	**12,671**	**16,450**	**73,456**	**102,577**

Transfers in the table above predominately relate to gaming operations assets that have been transferred to inventory after being returned, or have been sold to customers.

	Consolidated 2012 $'000	2011 $'000

Note 14. Deferred tax assets

The balance comprises temporary differences attributable to:

	2012 $'000	2011 $'000
Accruals and other provisions	**5,315**	4,354
Impairment of receivables	**103**	56
Convertible bonds litigation provision	**19,801**	26,401
Deferred revenue	**162**	778
Employee benefits	**10,123**	7,583
Plant, equipment and intangible assets	**7,634**	6,967
Prepayments	**(38)**	(39)
Provision for stock obsolescence	**3,956**	4,052
Share based equity	**(3,090)**	(1,822)
Overseas tax obligations	**76**	-
Unrealised foreign exchange losses	**2,037**	2,255
Tax losses	**43,149**	43,774
Other	**6,382**	3,362
Gross deferred tax assets	**95,610**	97,721
Deferred tax liabilities in relation to overseas subsidiaries (not offset above)	**(7,357)**	(6,889)
Net deferred tax assets	**88,253**	90,832

Movements

	2012 $'000	2011 $'000
Opening balance at 1 January	**90,832**	104,518
Charged to the statement of comprehensive income	**3,745**	(19,336)
Charged to equity (share-based equity and foreign currency exchange differences)	**(2,220)**	681
Tax losses utilised	**(6,179)**	-
Tax credits utilised	**(1,364)**	-
Tax losses recognised	**3,534**	5,085
Foreign exchange currency movements	**(95)**	(116)
Closing balance at period end	**88,253**	90,832

	Consolidated 2012 $'000	Consolidated 2011 $'000

Note 15. Intangible assets

	2012 $'000	2011 $'000
Goodwill	**77,422**	79,774
Licences	**8,588**	6,153
Accumulated amortisation	**(160)**	(31)
	8,428	6,122
Development costs	**4,496**	4,496
Accumulated amortisation	**(1,124)**	(642)
	3,372	3,854
Computer technology	**69,036**	69,081
Accumulated amortisation	**(53,647)**	(49,525)
	15,389	19,556
Total	**104,611**	109,306

	Goodwill $'000	Licences $'000	Development costs $'000	Computer technology $'000	Total $'000
Consolidated					
Carrying amount at 1 January 2011	79,793	5,819	4,496	23,872	113,980
Additions	-	-	-	1,872	1,872
Disposals	-	-	-	(9)	(9)
Amortisation charge	-	-	(642)	(5,994)	(6,636)
Foreign currency exchange movements	(19)	303	-	(185)	99
Carrying amount at 31 December 2011	79,774	6,122	3,854	19,556	109,306
Additions	**-**	**2,610**	**-**	**366**	**2,976**
Disposals	**-**	**-**	**-**	**(8)**	**(8)**
Amortisation charge	**-**	**(130)**	**(482)**	**(4,365)**	**(4,977)**
Foreign currency exchange movements	**(2,352)**	**(174)**	**-**	**(160)**	**(2,686)**
Carrying amount at 30 September 2012	**77,422**	**8,428**	**3,372**	**15,389**	**104,611**

(a) Impairment tests

Goodwill and other intangibles are allocated to the Group's cash-generating units ('CGUs') which are identified as the geographical business units within each segment.

A summary of the goodwill allocation by CGU is presented below:

(i) Wholly-owned controlled entities

	2012 $'000	2011 $'000
Americas	**49,797**	51,307
Rest of World - South Africa	**527**	547
Rest of World - Aristocrat Lotteries	**27,098**	27,920
	77,422	79,774

The Japan CGU contains a perpetual licence which is tested for impairment on the basis that it has an indefinite life, and is therefore not amortised.

In the financial period ended 30 September 2012 and year ended 31 December 2011, the recoverable amount of all the Group's CGUs were determined based upon a value-in-use calculation.

Note 15. Intangible assets *continued*

(b) Key assumptions used for value-in-use calculations

(i) Value-in-use

A discounted cash flow has been used based on operating and investing cash flows (before borrowing costs and tax impacts) in valuing the Group's CGUs that contain intangible assets. The following inputs and assumptions have been adopted:

1. Financial budgets and strategic plans, approved by the Board to 2015, management projections from 2016 to 2022 for Aristocrat Lotteries, and management projections from 2016 to 2017 for North America and Japan. These projections, which include projected revenues, gross margins and expenses, have been determined based on past performance and management expectations for the future. Expected market conditions in which each CGU operates in have been taken into account in the projections. Cash flows that extend beyond a five year period are based on contracts expected to be in place at that time, with no further growth assumed. Refer below for terminal growth rates used for each CGU.

2. A pre-tax annual discount rate of:

	2012	2011
Americas	**13.3%**	13.9%
Japan	**17.1%**	19.0%
Rest of World - Aristocrat Lotteries	**15.1%**	19.4%

3. A terminal growth rate, which does not exceed the long-term average growth rate for the gaming industry in the regions:

	2012	2011
Americas	**3.0%**	3.0%
Japan	**2.0%**	0.0%
Rest of World - Aristocrat Lotteries	**3.0%**	5.0%

4. An allocation of head office assets.

On the basis of materiality, a high level review of the goodwill relating to South Africa was performed. Based on expected results, it was not considered necessary to perform a detailed review of impairment of the related goodwill balance.

(c) Impact of possible changes in key assumptions

With regard to the assessment of the value-in-use of the CGUs, management do not believe that a reasonably possible change in any one of the key assumptions would cause the carrying value of the CGUs to materially exceed their recoverable amounts.

	Consolidated	
	2012	2011
	$'000	$'000

Note 16. Trade and other payables

Current		
Trade payables	**51,579**	66,274
Other payables	**88,114**	90,424
	139,693	156,698

Non-current		
Other payables	**850**	98

(a) Foreign currency risk

The carrying amounts of the Group's payables are denominated in the following currencies:

US dollars	**55,054**	63,789
Australian dollars	**52,870**	48,810
Other (1)	**32,619**	44,197
	140,543	156,796

(1) Other refers to a basket of currencies (Japanese Yen, Euro, South African Rand, New Zealand Dollars, Swedish Krona).

(b) Fair value

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

Notes to the financial statements
for the period ended 30 September 2012

	Notes	Consolidated 2012 $'000	2011 $'000
Note 17. Borrowings			
Current			
Unsecured			
Bank loans		**7,000**	-
		7,000	-
Non-current			
Secured			
Bank loans		**207,453**	261,392
		207,453	261,392

(a) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

	Notes	2012 $'000	2011 $'000
Credit standby arrangements			
Total facilities			
- Bank overdrafts	(i)	**6,911**	6,969
- Bank loans	(ii)	**375,000**	450,000
- Other	(iii)	**28,507**	29,052
		410,418	486,021
Used at reporting date			
- Bank overdrafts		**1,854**	2,048
- Bank loans		**207,453**	261,392
- Other		**7,000**	-
		216,307	263,440
Unused at reporting date			
- Bank overdrafts		**5,057**	4,921
- Bank loans		**167,547**	188,608
- Other		**21,507**	29,052
		194,111	222,581

(i) The bank overdraft facilities ($5,000,000 and US$2,000,000) are subject to annual review.

(ii) The bank loan facilities are structured as follows:

Syndicated Facility

- Facility A - $355,000,000 tranche maturing 30 October 2015.
- Facility B - $20,000,000 tranche maturing 30 October 2015.

The committed bank facility is secured by a negative pledge that imposes certain financial covenants. The Group was in compliance with the imposed covenants at reporting date.

Borrowings are at a floating rate. A portion of the interest rate exposure has been fixed under separate interest rate swap arrangements.

(iii) Other facilities relate to:

- JPY 1.5 billion Uncommitted Borrowing facility with Mizuho Bank Ltd (Japan) which is subject to annual review. As at 30 September 2012, there were no drawings made under this facility.
- Uncommitted money market borrowing line with Westpac Banking Corporation.

Note 17. Borrowings *continued*

(b) Forward exchange contracts

The Group enters into derivatives in the form of forward exchange contracts to hedge foreign currency denominated receivables and also to manage the purchase of foreign currency denominated inventory and capital items. The following table provides information as at 30 September 2012 on the net fair value of the Group's existing foreign exchange hedge contracts:

Currency pair	Weighted average exchange rate	Maturity profile (1) 1 year or less $'000	Maturity profile (1) 1 to 7 year(s) $'000	Net fair value gain/(loss) (2) $'000
AUD/USD	0.9877	3,037	-	158
AUD/EUR	0.7793	1,258	-	34
AUD/ZAR	7.7896	2,960	-	303
AUD/ZAR	8.2419	2,563	-	40
Total		9,818	-	535

(1) The foreign base amounts are converted at the prevailing period end exchange rate to AUD equivalents.

(2) Refer to Note 1(d)(ii). The net fair value of the derivatives above is included in receivables.

(c) Net fair value of financial assets and liabilities

(i) On-statement of financial position

The fair value of current borrowings approximates the carrying amount. The fair value of non-current borrowings also approximates the carrying value given that the USD borrowing is a floating rate and is drawn from the three year tranche (Facility B) of the Syndicated Facility (per Note 17(a)(ii)).

(ii) Off-statement of financial position

At 30 September 2012, there were no off-statement of financial position financial assets or liabilities, other than those potential liabilities which may arise from certain contingencies disclosed in Note 24.

(d) Foreign currency risk

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Consolidated 2012 $'000	Consolidated 2011 $'000
US dollars	**76,453**	78,771
Australian dollars	**138,000**	175,000
Japanese yen	**-**	7,621
	214,453	261,392

For an analysis of the sensitivity of borrowings to interest rate and foreign exchange risk, refer to Note 2.

Notes to the financial statements
for the period ended 30 September 2012

	Notes	Consolidated 2012 $'000	2011 $'000

Note 18. Provisions

	Notes	2012 $'000	2011 $'000
Current			
Employee benefits	1(x)	**9,140**	8,932
Make good allowances	1(w)	**33**	430
Progressive jackpot liabilities	1(w)	**3,147**	2,932
Warranties	1(w)	**382**	491
Other		**812**	836
		13,514	13,621
Non-current			
Employee benefits	1(x)	**5,284**	5,902
Make good allowances	1(w)	**3,455**	2,858
Progressive jackpot liabilities	1(w)	**6,020**	7,336
		14,759	16,096

Movements in provisions
Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Make good allowances $'000	Progressive jackpot liabilities $'000	Warranties $'000	Other $'000	Total $'000
Consolidated - current and non-current					
Carrying amount at 1 January 2012	3,288	10,268	491	836	14,883
Payments	-	(5,866)	(103)	-	(5,969)
Additional provisions recognised	196	6,167	830	-	7,193
Reversal of provisions recognised	-	(1,100)	(829)	-	(1,929)
Foreign currency exchange differences	4	(302)	(7)	(24)	(329)
Carrying amount at 30 September 2012	3,488	9,167	382	812	13,849

Note 19. Other liabilities

	Consolidated 2012 $'000	2011 $'000
Current		
Deferred revenue	**41,926**	34,845
Non-current		
Deferred revenue	**9,814**	11,613
Other	**13,254**	14,981
	23,068	26,594

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	Notes	2012 Shares	Consolidated 2011 Shares	2012 $'000	Consolidated 2011 $'000
Note 20. Contributed equity					
Ordinary shares, fully paid		**551,418,047**	543,181,024	**233,137**	209,043
Movements in ordinary share capital					
Ordinary shares at the beginning of the year	(a)	**543,181,024**	533,983,910	**209,043**	187,625
Shares issued under dividend underwriting		**5,301,381**	6,280,470	**15,821**	14,690
Shares issued under dividend reinvestment plan		**2,935,642**	2,916,644	**8,273**	6,728
Ordinary shares at the end of the financial year		**551,418,047**	543,181,024	**233,137**	209,043

(a) Ordinary shares

Ordinary shares have no par value and entitle the holder to participate in dividends and the winding up of the Company in proportion to the number of, and amounts paid on, the shares held.

On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

There is no current on-market buy back.

(b) Capital management

The Group's overall strategic capital management objective is to maintain a conservative funding structure, which provides sufficient flexibility to fund the operational demands of the business and to underwrite any strategic opportunities.

The Group has managed its capital through interest and debt coverage ratios as follows:

	2012	2011
Gearing ratio (gross debt/bank EBITDA*)	**1.2x**	1.7x
Interest coverage ratio (bank EBITDA*/interest expense**)	**8.6x**	5.6x

* Bank EBITDA = EBITDA + Interest Received

** Interest expense shown above includes ongoing finance fees relating to bank debt facility arrangements, such as line fees. The ratios for the 2012 and 2011 years have been calculated on this basis.

	Notes	Consolidated 2012 $'000	2011 $'000

Note 21. Reserves and retained earnings

(a) Reserves

	Notes	2012 $'000	2011 $'000
Foreign currency translation reserve	(i)	**(97,615)**	(91,874)
Share-based payments reserves	(ii),(iii)	**(22,371)**	(24,994)
Interest rate hedge reserve	(iv)	**(1,594)**	(2,164)
		(121,580)	(119,032)

(i) Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency exchange differences arising from the translation of foreign operations, the translation of transactions that hedge the Company's net investment in a foreign operation or the translation of foreign currency monetary items forming part of the net investment in foreign operations. Refer to Note 1(d)(iii).

	2012 $'000	2011 $'000
Foreign currency translation reserve at the beginning of the financial year	**(91,874)**	(91,578)
Net exchange differences on translation of foreign controlled entities, net investment in foreign operations	**(5,741)**	(296)
Foreign currency translation reserve at the end of the financial year	**(97,615)**	(91,874)

(ii) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of all shares, options and rights both issued and issued but not exercised under the various employee share plans.

	2012 $'000	2011 $'000
Share-based payments reserve at the beginning of the financial year	**(5,555)**	(4,735)
Share-based payments expense	**4,849**	785
Issues from the Trust to satisfy vested shares	**(2,642)**	(2,075)
Share-based tax and other adjustments	**(2,226)**	470
Net movement in share-based payments reserve	**(19)**	(820)
Share-based payments reserve at the end of the financial year	**(5,574)**	(5,555)

	Notes	Consolidated 2012 $'000	2011 $'000

Note 21. Reserves and retained earnings *continued*

(a) Reserves *continued*

(iii) Share-based payments trust reserve

The share-based payments trust reserve is used to recognise the cost, post-income tax, of shares purchased through the Aristocrat Employee Equity Plan Trust.

	Notes	2012 $'000	2011 $'000
Share-based payments trust reserve at the beginning of the financial year		**(19,439)**	(21,514)
Issues from the Trust to satisfy vested shares		**2,642**	2,075
Share-based payments trust reserve at the end of the financial year*		**(16,797)**	(19,439)

* Represents 1,321,141 shares (2011: 1,519,481)

	Notes	2012 $'000	2011 $'000
Total share-based payments reserves at the beginning of the financial year		**(24,994)**	(26,249)
Net movement in share-based payments reserves		**2,623**	1,255
Total share-based payments reserve at the end of the financial year		**(22,371)**	(24,994)

(iv) Interest rate hedge reserve

The interest rate hedge reserve is used to record gains or losses on interest rate hedges that are recognised in other comprehensive income.

	Notes	2012 $'000	2011 $'000
Interest rate hedge reserve at the beginning of the year		**(2,164)**	-
Movement in fair value of interest rate hedges		**570**	(2,164)
Interest rate hedge reserve at the end of the financial year		**(1,594)**	(2,164)

(b) Retained earnings

	Notes	2012 $'000	2011 $'000
Retained earnings at the beginning of the financial year		**164,863**	120,083
Net profit attributable to owners of Aristocrat Leisure Limited		**45,507**	66,140
Dividends paid or provided for	7	**(43,635)**	(21,360)
Retained earnings at the end of the period		**166,735**	164,863

	Consolidated	
	2012	2011
	$'000	$'000

Note 22. Non-controlling interest

Non-controlling interest in controlled entity comprises:		
Retained earnings/(losses) - 1 January	**(2,181)**	(1,920)
Profit after income tax expense	**1,044**	759
Dividends paid	**-**	(1,020)
Retained earnings/(losses)	**(1,137)**	(2,181)
Reserves	**(631)**	(549)
	(1,768)	(2,730)

Note 23. Events occurring after reporting date

On 1 November 2012, the Group entered into a contract to acquire an internet gaming system and remote game server for a purchase price of $11,229,000. The purchase is subject to acceptance testing.

On 22 November 2012, the Group entered into an agreement to acquire 100% of the issued shares of an online social casino operator. The purchase price includes a fixed component of $10,600,000 subject to adjustments and contingent consideration, which may be payable depending on the performance of the acquired company. The acquisition date is expected to be on or after 29 November 2012.

Other than the matters above, there has not arisen in the interval between the end of the 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 reporting periods.

Note 24. Contingent liabilities

The Group and parent entity have contingent liabilities at 30 September 2012 in respect of the following matters:

(i) a contingent liability may exist in relation to certain guarantees and indemnities given in the ordinary course of business by the Group;

(ii) controlled entities within the Group are and become parties to various legal actions in the ordinary course of business and from time to time. The Directors consider that any liabilities arising from this type of legal action are unlikely to have a material adverse effect on the Group;

(iii) controlled entities within the Group are and become parties to various legal actions concerning intellectual property claims. Intellectual property claims can include challenges to the Group's patents on various products or processes and/or assertions of infringement of third party patents.

Most intellectual property claims involve highly complex issues. Often, these issues are subject to substantial uncertainties and therefore the probability of damages, if any, being sustained and an estimate of the amount of damages is difficult to ascertain. Based on the information currently available, the Directors consider that current claims are unlikely to have a material adverse effect on the Group;

(iv) under the terms of existing Senior Executive service contracts, termination benefits may be required to be paid by the Group. The amounts (if any) depend upon the specific circumstances of the case and the relevant terms of those contracts; and

(v) Aristocrat Leisure Limited, Aristocrat International Pty Ltd, Aristocrat Technologies Australia Pty Ltd, Aristocrat (Asia) Pty Limited and Aristocrat (Macau) Pty Limited are parties to a deed of cross guarantee which has been lodged with and approved by the Australian Securities & Investments Commission as discussed in Note 34.

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	Consolidated	
	2012	2011
	$'000	$'000

Note 25. Commitments

Capital commitments

Capital equipment and other commitments contracted at the reporting date but not recognised as liabilities, payable within one year	**465**	-

Lease commitments
Non-cancellable operating leases

The Group leases various offices and plant and equipment under non-cancellable operating leases.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**14,985**	16,028
Later than one year but not later than five years	**42,719**	45,086
Later than five years	**28,710**	36,502
Commitments not recognised in the financial statements	**86,414**	97,616

Sub-lease payments

Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	**11,768**	-

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Note 26. Subsidiaries

	Notes	Country of incorporation	Equity holding 2012 %	Equity holding 2011 %
Ultimate parent entity				
Aristocrat Leisure Limited		Australia	-	-
Controlled entities				
Aristocrat Technical Services Pty Ltd	(c)	Australia	100	100
Aristocrat Properties Pty Ltd	(c)	Australia	100	100
Aristocrat (Holdings) Pty Ltd	(a)	Australia	100	100
Aristocrat Technologies Australia Pty Ltd	(a)	Australia	100	100
ASSPA Pty Ltd	(c)	Australia	100	100
Aristocrat Technology Gaming Systems Pty Limited	(c)	Australia	100	100
Aristocrat International Pty Ltd	(a)	Australia	100	100
Aristocrat Leisure Cyprus Limited	(b)	Cyprus	100	100
ACEI AB	(b)	Sweden	100	100
Aristocrat Gaming LLC	(b)	Russia	100	100
Aristocrat (Argentina) Pty Limited	(b)	Australia	100	100
AI (Puerto Rico) Pty Limited	(b)	Australia	100	100
Aristocrat (Latin America) Pty Ltd	(b)	Australia	100	100
Aristocrat Technologies Mexico, S.A. DE C.V.	(b)	Mexico	100	100
Aristocrat Service Mexico, S.A. DE C.V.	(b)	Mexico	100	100
Aristocrat (Asia) Pty Limited	(a)	Australia	100	100
Aristocrat (Macau) Pty Limited	(a)	Australia	100	100
Aristocrat (Philippines) Pty Limited	(b)	Australia	100	100
Aristocrat (Singapore) Pty Limited	(b)	Australia	100	100
Aristocrat (Cambodia) Pty Limited	(b)	Australia	100	100
Aristocrat (Malaysia) Pty Limited	(b)	Australia	100	100
Aristocrat Leisure Technology Development (Beijing) Co. Ltd	(b)	China	100	100
Aristocrat Technologies Europe (Holdings) Limited	(b)	UK	100	100
Aristocrat Technologies Europe Limited	(b)	UK	100	100
ASSPA (UK) Limited	(b)	UK	100	100
Aristocrat Technologies LLC	(b)	Russia	100	100
Aristocrat Technologies Spain S.L.	(b)	Spain	100	100
Aristocrat Lotteries Italia S.r.L.	(b)	Italy	100	100
Aristocrat Technologies NZ Limited	(b)	New Zealand	100	100
Aristocrat Technologies, Inc.	(b)	USA	100	100
Aristocrat Funding Corporation	(c)	USA	100	100
Aristocrat Argentina S.A.	(c)	Argentina	100	100
Aristocrat Funding Corporation Pty Ltd	(c)	Australia	100	100
Aristocrat Technologies Canada, Inc.	(c)	Canada	100	100
Aristocrat C.A.	(c)	Venezuela	100	100
Aristocrat Research & Development (Africa) Pty Ltd	(b)	South Africa	100	100
Aristocrat Africa (Pty) Ltd	(b)	South Africa	72	72
Aristocrat Technologies Africa (Pty) Ltd	(b)	South Africa	72	72
KK Aristocrat Technologies	(b) & (c)	Japan	100	100
Aristocrat Hanbai KK	(b) & (c)	Japan	100	100
KK Spiky	(b) & (c)	Japan	100	100
Aristocrat Technologies India Private Ltd	(b)	India	100	100
Aristocrat Technologies Hong Kong Limited	(b)	Hong Kong	100	100
Other controlled entities				
Aristocrat Employee Equity Plan Trust	(d)	Australia	100	100
Aristocrat Funding GP	(b)	USA	100	100

(a) These controlled entities have been granted relief from the necessity to prepare accounts in accordance with Class Orders issued by the Australian Securities & Investments Commission.

(b) Controlled entities audited by other PricewaterhouseCoopers firms.

(c) Controlled entities for which statutory audits are not required at 30 September 2012 under relevant local legislation.

(d) The trust is a special purpose entity which is consolidated because it meets the following criteria:
- the activity of the Trust which is to purchase and issue shares for the various Aristocrat employee share plans are being conducted on behalf of the Group according to its specific business needs and the Group obtains benefits from the Trust's operation;
- the Group has the decision making powers to obtain the majority of the benefits of the activities of the Trust; and
- the Group has rights to obtain the majority of the benefits of the Trust and is exposed to the risks incidental to ownership of the special purpose entity.

	Notes	Consolidated 2012 $'000	2011 $'000

Note 27. Employee benefits

	Notes	2012 $'000	2011 $'000
Employee benefits and related on-cost liabilities			
Included in payables - current		**25,127**	20,209
Provision for employee benefits - current	18	**9,140**	8,932
Provision for employee benefits - non-current	18	**5,284**	5,902
Aggregate employee benefits and related on-cost liabilities		**39,551**	35,043

Note 28. Share-based payments

The Remuneration Report, presented in the Directors' Report, also provides detailed disclosure on share-based payments.

(a) Performance Share Plan ('PSP')

The PSP is a long-term employee share scheme that provides for eligible employees to be offered conditional entitlements to fully paid ordinary shares in the parent entity ('Performance Share Rights'). Performance Share Rights issued under the PSP are identical in all respects other than performance conditions and periods, which are detailed below.

As at 30 September 2012, 10 employees (2011: 91) were entitled to 5,605,349 (2011: 6,187,271) Performance Share Rights under this plan.

Accounting fair value of Performance Share Rights granted

The assessed accounting fair values of Performance Share Rights granted during the financial years ended 30 September 2012 and 31 December 2011 are as follows:

Performance Share Right series	Performance period start date	Performance period expiry date	Performance condition (1)	Accounting valuation date	Accounting valuation (2)
Issued 2012					
Series 20A	1 January 2012	31 December 2014	TSR	2 May 2012	2.03
Series 20B	1 January 2012	31 December 2014	EPSG	2 May 2012	2.80
Series 21A	1 January 2012	31 December 2014	TSR	2 May 2012	2.03
Series 21B	1 January 2012	31 December 2014	EPSG	2 May 2012	2.80
Series 21A (3)	1 January 2012	31 December 2014	TSR	3 September 2012	1.62
Series 21B (3)	1 January 2012	31 December 2014	EPSG	3 September 2012	2.49
Issued 2011					
Series 18A	1 January 2011	31 December 2013	TSR	4 May 2011	1.58
Series 18B	1 January 2011	31 December 2013	EPSG	4 May 2011	2.52
Series 19A	1 January 2011	31 December 2013	TSR	4 May 2011	1.58
Series 19B	1 January 2011	31 December 2013	EPSG	4 May 2011	2.52
Series 19A (3)	1 January 2011	31 December 2013	TSR	1 August 2011	1.18
Series 19B (3)	1 January 2011	31 December 2013	EPSG	1 August 2011	2.34

(1) TSR - Total Shareholder Return; EPSG - Earnings Per Share Growth

(2) In accordance with accounting standards, the accounting valuation, as independently determined by Ernst and Young, of a Performance Share Right with a market vesting condition (for example, TSR) incorporates the likelihood that the vesting condition will be met. Whereas, the accounting valuation, as independently determined by Ernst and Young, of a Performance Share Right with a non-market vesting condition (for example, EPSG) does not take into account the likelihood that the vesting condition will be met. Accordingly, the accounting value of a Performance Share Right with a TSR vesting condition is lower than that with an EPSG vesting condition.

(3) For one executive for Series 19A and Series 19B; and two executives for Series 21A and 21B, Performance Share Rights were granted following the commencement of employment.

Note 28. Share-based payments *continued*

(a) Performance Share Plan ('PSP') *continued*

The accounting valuation represents the independent valuation of each tranche of Performance Share Rights at their respective grant dates. The valuations have been performed by Ernst and Young using a Total Shareholder Return ('TSR') model and an Earnings Per Share Growth ('EPSG') model.

(i) Total Shareholder Return ('TSR') model

Ernst and Young has developed a Monte-Carlo Simulation-based model which incorporates the impact of performance hurdles and the vesting scale on the value of the share rights. This pricing model takes into account such factors as the Company's share price at the date of grant, volatility of the underlying share price, expected dividend yield, risk free rate of return and time to maturity.

The accounting valuation of the rights has been allocated equally over the vesting period.

The model inputs for share rights granted during the period ended 30 September 2012 and year ended 31 December 2011 included:

(a) share rights are granted for no consideration and have a three year life;
(b) exercise price: zero consideration;
(c) the grant date and expiry dates: refer to tables below:
(d) share price at grant date:
- 2012: series 20A - $3.07; series 21A - $3.07 and $2.69
- 2011: series 18A - $2.69; series 19A - $2.69 and $2.48

(e) price volatility of the Company's shares:
- 2012: series 20A and 21A - 40%
- 2011: series 18A - 49.90%; series 19A - 49.90% and 47.34%

(f) dividend yield:
- 2012: series 20A and 21A - 3.4%
- 2011: series 18A and 19A - 2.5%

(g) risk-free interest rate:
- 2012: series 20A - 2.9%; series 21A - 2.9% and 2.52%
- 2011: series 18A - 5.45%, series 19A - 5.45% and 4.90%

(ii) Earnings Per Share Growth ('EPSG') model

Ernst and Young has utilised the Black-Scholes generalised model to determine the fair value of share rights. This pricing model takes into account such factors as the Company's share price at the date of grant, volatility of the underlying share price, expected dividend yield, risk-free rate of return and time to maturity.

The accounting valuation of the rights has been allocated equally over the vesting period.

The model inputs for share rights granted during the year ended 30 September 2012 included:

(a) share rights are granted for no consideration and have a three year life;
(b) exercise price: zero consideration;
(c) the grant date and expiry dates: refer to tables below;
(d) share price at grant date:
- 2012: series 20B - $3.07; series 21B - $3.07 and $2.69
- 2011: series 18B - $2.69; series 19B - $2.69 and $2.48

(e) price volatility of the Company's shares:
- 2012: series 20B and 21B - 40%
- 2011: series 18B - 49.90%; series 19B - 49.90% and 47.34%

(f) dividend yield:
- 2012: series 20B and 21B - 3.4%
- 2011: series 18B and 19B - 2.5%

(g) risk-free interest rate:
- 2012: series 20B - 2.9%; series 21B - 2.9% and 2.52%
- 2011: series 18B - 5.45%, series 19B - 5.45% and 4.90%

The expected price volatility is based on the annualised historical volatility of the share price of the Company due to the long-term nature of the underlying share rights.

Note 28. Share-based payments *continued*

(a) Performance Share Plan ('PSP') *continued*

Performance Share Rights are detailed in the tables below:

Consolidated - 2012

Right series	Grant date	Performance period expiry date	Rights at start of year Number	Add: new rights issues Number	Less: rights exercised Number	Less: rights lapsed Number	Rights at end of year Number
PSP							
Series 12A	1 January 2009	31 December 2011	1,019,737	-	-	1,019,737	-
Series 12B	1 January 2009	31 December 2011	1,019,737	-	-	1,019,737	-
Series 13A	21 April 2009	31 December 2011	330,311	-	-	330,311	-
Series 13B	21 April 2009	31 December 2011	330,311	-	-	330,311	-
Series 15A	28 April 2010	31 December 2012	224,786	-	-	-	224,786
Series 15B	28 April 2010	31 December 2012	224,786	-	-	-	224,786
Series 16B	28 April 2010	18 January 2012	55,087	-	55,087	-	-
Series 17A	1 January 2010	31 December 2012	376,359	-	-	87,465	288,894
Series 17B	1 January 2010	31 December 2012	376,359	-	-	87,465	288,894
Series 18A	3 May 2011	31 December 2013	306,000	-	-	-	306,000
Series 18B	3 May 2011	31 December 2013	714,000	-	-	-	714,000
Series 19A	1 January 2011	31 December 2013	362,939	-	-	125,508	237,431
Series 19B	1 January 2011	31 December 2013	846,859	-	-	292,852	554,007
Series 20A	2 May 2012	31 December 2014	-	405,000	-	-	405,000
Series 20B	2 May 2012	31 December 2014	-	945,000	-	-	945,000
Series 21A	1 January 2012	31 December 2014	-	476,271	-	51,307	424,964
Series 21B	1 January 2012	31 December 2014	-	1,111,303	-	119,716	991,587
			6,187,271	**2,937,574**	**55,087**	**3,464,409**	**5,605,349**

Consolidated - 2011

Right series	Grant date	Performance period expiry date	Rights at start of year Number	Add: new rights issues Number	Less: rights exercised Number	Less: rights lapsed Number	Rights at end of year Number
PSP							
Series 5C	17 October 2005	31 December 2010	9,432	-	-	9,432	-
Series 5D	17 October 2005	31 December 2010	9,432	-	-	9,432	-
Series 10A	1 January 2008	31 December 2010	460,219	-	-	460,219	-
Series 10B	1 January 2008	31 December 2010	460,219	-	-	460,219	-
Series 12A*	1 January 2009	31 December 2011	1,329,297	-	-	309,560	1,019,737
Series 12B*	1 January 2009	31 December 2011	1,329,297	-	-	309,560	1,019,737
Series 13A*	21 April 2009	31 December 2011	330,311	-	-	-	330,311
Series 13B*	21 April 2009	31 December 2011	330,311	-	-	-	330,311
Series 14	30 June 2009	31 December 2010	25,907	-	25,907	-	-
Series 15A	28 April 2010	31 December 2012	224,786	-	-	-	224,786
Series 15B	28 April 2010	31 December 2012	224,786	-	-	-	224,786
Series 16A	28 April 2010	18 January 2011	55,087	-	55,087	-	-
Series 16B	28 April 2010	18 January 2012	55,087	-	-	-	55,087
Series 17A	1 January 2010	31 December 2012	464,608	-	-	88,249	376,359
Series 17B	1 January 2010	31 December 2012	464,608	-	-	88,249	376,359
Series 18A	3 May 2011	31 December 2013	-	306,000	-	-	306,000
Series 18B	3 May 2011	31 December 2013	-	714,000	-	-	714,000
Series 19A	1 January 2011	31 December 2013	-	362,939	-	-	362,939
Series 19B	1 January 2011	31 December 2013	-	846,859	-	-	846,859
			5,773,387	**2,229,798**	**80,994**	**1,734,920**	**6,187,271**

* On 27 February 2012, the Board determined that the PSRs under Series 12A, 12B, 13A and 13B had not met the required performance criteria and therefore lapsed.

Note 28. Share-based payments *continued*

(b) General Employee Share Plan

The General Employee Share Plan (GESP) is designed to provide employees with shares in the parent entity under the provisions of Division 83A of the *Australian Income Tax Assessment Act* .

During the year, the Company issued nil shares (2011: nil) to nil employees (2011: nil) in Australia under this plan. In 2011 for certain employees in Australia, a contingent allocation of an equivalent number of shares were granted (130,168 shares to 307 employees) in lieu of a share allocation under the General Employee Share Plan, subject to their continued employment for a period of three years. Due to tax complexities, certain eligible staff located overseas were issued either a deferred bonus of A$1,000 cash or a contingent allocation of an equivalent number of shares (nil in 2012); 2011: 82,680 shares to 195 employees in lieu of a share allocation under the General Employee Share Plan, subject to their continued employment for a period of three years.

(c) Deferred equity employee plan

Certain eligible employees are offered incentives of being granted share rights that are based on individual and company performance, subject to continued employment. Should the performance criteria be met an amount of share rights are granted. As a result of the meeting of performance criteria in the 2011 financial year, 593,600 performance shares rights were granted in 2012 that are outstanding as at 30 September 2012. These rights are subject to the employees remaining with the Group until February 2014.

(d) Deferred short term incentive plan

Upon the vesting of short term incentives, Executive Leadership Team members receive the incentives as 50% cash and 50% deferred as performance share rights. These share rights are expensed over the vesting periods, being two and three years.

(e) Share-based payments expense

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefits expense were as follows:

	Consolidated	
	9 months to 30 September 2012 $'000	12 months to 31 December 2011 $'000
Performance Share Plan	**2,805**	(469)
General Employee Share Plan	**328**	383
Deferred Equity Employee Plan	**1,280**	605
Deferred Short Term Incentive Plan	**436**	266
	4,849	785

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Note 29. Key management personnel disclosures

Key management personnel compensation
Key management personnel includes all Non-Executive Directors, Executive Directors and Senior Executives who were responsible for the overall planning, directing and controlling of activities of the Group.

	Consolidated	
	9 months to 30 September 2012	12 months to 31 December 2011
	$	$
Short-term employee benefits	**4,257,267**	5,339,543
Post-employment benefits	**151,661**	247,580
Long-term benefits	**51,616**	68,313
Termination benefits	**389,233**	-
Share-based payments	**3,169,095**	1,556,785
	8,018,872	7,212,221

Detailed remuneration disclosures are provided in the remuneration report.

Performance Share Plan rights provided as remuneration and rights holdings
Details of PSRs in the Company held during the financial year by any KMP of the Group together with terms and conditions of the rights can be found in the Remuneration Report.

Holdings of rights

The numbers of rights over ordinary shares in the Company held during the year by key management personnel are set out below:

2012 Name	Balance at start of year	Granted	Lapsed	Balance at end of year	Vested	Unvested
JR Odell	2,130,194	1,350,000	(660,622)	2,819,572	-	2,819,572
A Korsanos	357,843	245,614	(53,711)	549,746	-	549,746
TJ Croker	301,460	242,105	-	543,565	-	543,565
A Bali	-	178,134	-	178,134	-	178,134
Former key management personnel						
WP Jowett	477,206	256,537	(146,698)	587,045	-	587,045
NR Khin	433,041	-	(254,279)	178,762	-	178,762

2011 Name	Balance at start of year	Granted	Lapsed	Balance at end of year	Vested	Unvested
JR Odell	1,110,194	1,020,000	-	2,130,194	-	2,130,194
A Korsanos	193,487	184,316	(19,960)	357,843	-	357,843
WP Jowett	333,292	200,308	(56,394)	477,206	-	477,206
NR Khin	295,107	165,834	(27,900)	433,041	-	433,041
TJ Croker	119,816	181,644	-	301,460	-	301,460

General Employee Share Plan ('GESP') provided as remuneration
The numbers of shares held under the General Employee Share Plan during the financial year by any of the key management personnel of the Group, including their personally related entities, can be found in the Remuneration Report.

Loans to key management personnel
No KMP held any loans with the Company during the financial year.

Other transactions with key management personnel
There were no other transactions with Directors and other KMP during the period ended 30 September 2012.

Notes to the financial statements
for the period ended 30 September 2012

Note 29. Key management personnel disclosures (continued)

Share holdings

The numbers of shares in the Company held during the financial year by Directors and other key management personnel, including their personally related parties are set out below. There were no shares granted as compensation.

2012

Name	Balance at start of year	Changes during the year	Balance at end of year
Non-Executive Directors			
ID Blackburne	80,000	25,000	105,000
RA Davis	30,489	-	30,489
RV Dubs	10,000	-	10,000
S Morro	20,000	5,000	25,000
DCP Banks	10,000	-	10,000
LG Flock	-	15,000	15,000
Other key management personnel			
JR Odell	64,457	-	64,457
A Korsanos	2,465	265	2,730
TJ Croker	4	8	12
A Bali	-	-	-
Former key management personnel			
WP Jowett	269,401	(24,735)	244,666
NR Khin	1,422	14,388	15,810

2011

Name	Balance at start of year	Changes during the year	Balance at end of year
Non-Executive Directors			
ID Blackburne	30,000	50,000	80,000
RA Davis	20,489	10,000	30,489
RV Dubs	10,000	-	10,000
S Morro	20,000	-	20,000
DCP Banks	-	10,000	10,000
LG Flock	-	-	-
Former Non-Executive Directors			
WM Baker	4,700	-	4,700
SAM Pitkin	16,796	-	16,796
Other key management personnel			
JR Odell	64,457	-	64,457
A Korsanos	2,308	157	2,465
WP Jowett	269,244	157	269,401
NR Khin	1,265	157	1,422
TJ Croker	-	4	4

	Consolidated	
	9 months to 30 September 2012 $	12 months to 31 December 2011 $
Note 30. Remuneration of auditors		
During the year, the following fees were paid to the auditor of the parent entity and its related practices:		
Assurance services		
Audit services		
Fees paid to PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	**443,821**	471,644
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**649,893**	703,816
Total remuneration for audit services	**1,093,714**	1,175,460
Other assurance services		
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**66,729**	68,348
Total remuneration for other assurance services	**66,729**	68,348
Total remuneration for assurance services	**1,160,443**	1,243,808
Advisory services		
Fees paid to PricewaterhouseCoopers Australian firm	**-**	17,000
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**730,911**	56,444
Total remuneration for advisory services	**730,911**	73,444

Note 31. Related parties

(a) Other transactions with key management personnel

Refer to Note 29 for disclosures relating to key management personnel.

(b) Transactions with non-controlling interest

The following transactions occurred with the non-controlling interest in a subsidiary:

	2012 $	2011 $
Net amount receivable from non-controlling interest as at reporting date		
Current		
Receivable from non-controlling interest	**1,350,501**	1,550,942
Non-current		
Receivable from non-controlling interest	**2,773,290**	2,507,213

On 31 May 2006, Aristocrat International Pty Ltd, a wholly-owned entity, advanced to Yabohle Investments (Pty) Limited, the non-controlling shareholder of the Group's South African operations, a seven year loan of ZAR43,400,000.

The loan is secured over the shares of the South African legal entity and the shareholder's dividends are redirected as repayments against the loan balance.

The annual interest rate payable is at 1% less than the prime bank overdraft rate charged by an approved bank of the Republic of South Africa.

(c) Subsidiaries

Interests in subsidiaries are set out in Note 26.

	Consolidated	
	9 months to 30 September 2012	12 months to 31 December 2011

Note 32. Earnings per share

	2012 Cents	2011 Cents
Basic earnings per share	**8.3**	12.3
Diluted earnings per share	**8.3**	12.3

	2012 Number	2011 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**546,567,500**	535,999,670
Effect of Performance Share Rights	**1,367,594**	896,744
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**547,935,094**	536,896,414

	2012 $'000	2011 $'000
Reconciliation of earnings used in calculating diluted earnings per share		
Net profit attributable to members of Aristocrat Leisure Limited	**45,507**	66,140
Earnings used in calculating diluted earnings per share	**45,507**	66,140

Information concerning the classification of securities

(a) Share based payments

Rights granted to employees under share based payments arrangements are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. The rights have not been included in the determination of basic earnings per share. Details relating to the rights are set out in Note 28.

Included within the weighted average number of potential ordinary shares related to Performance Share Rights are 124,067 (2011: 45,061) Performance Share Rights that had lapsed during the year.

(b) Share-based payments trust

Shares purchased on-market through the Aristocrat Employee Equity Plan Trust have been treated as shares bought back and cancelled for the purpose of the calculation of the weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.

Note 33. Reconciliation of profit for the period after income tax to net cash flow from operating activities

	Consolidated	
	9 months to 30 September 2012 $'000	12 months to 31 December 2011 $'000
Profit for the year	**46,551**	66,899
Depreciation and amortisation	**28,466**	37,184
Equity-settled share-based payments	**4,849**	785
Non-cash interest income	**(269)**	(324)
Net loss on sale of property, plant and equipment	**271**	468
Impairment of assets and investments	**-**	114
Net foreign currency exchange differences	**(2,750)**	551
Change in operating assets and liabilities:		
- Decrease/(increase) in receivables and deferred revenue	**4,456**	(59,184)
- Decrease in inventories	**20,589**	16,564
- Decrease in other operating assets	**3,195**	2,648
- Decrease in tax balances	**1,515**	21,023
- Increase/(decrease) in payables	**(17,523)**	24,852
- Decrease in other provisions	**(1,444)**	(3,380)
Net cash inflow from operating activities	**87,906**	108,200

Note 34. Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998 (Class Order), the wholly owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of a financial report and Directors' Report.

It is a condition of the Class Order that the Company and each of the participating subsidiaries enter into a Deed of Cross Guarantee (Deed). The effect of the Deed, dated 22 December 2006, is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the participating subsidiaries under certain provisions of the Corporations Act. If a winding up occurs under other provisions of the Corporations Act, the Company will only be liable in the event that after six months, any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event the Company is wound up.

The subsidiaries subject to the deed are:

- Aristocrat Technologies Australia Pty Limited
- Aristocrat International Pty Limited
- Aristocrat (Asia) Pty Limited
- Aristocrat (Macau) Pty Limited
- Aristocrat (Holdings) Pty Limited

The above named companies represent a Closed Group for the purposes of the Class Order, and as there are no other parties to the deed that are controlled by the Company, they also represent the Extended Closed Group.

Set out below is a consolidated statement of comprehensive income of the Closed Group:

	9 months to 30 September 2012 $'000	12 months to December 2011 $'000
Revenue	**213,503**	288,121
Other income	**12,931**	55,558
Cost of revenue and other expenses	**(73,584)**	(79,266)
Employee benefits expense	**(92,812)**	(114,093)
Finance costs	**(14,683)**	(27,444)
Depreciation and amortisation expense	**(7,065)**	(10,104)
Profit before income tax	**38,290**	112,772
Income tax expense	**2,705**	(11,497)
Profit for the year	**40,995**	101,275
Other comprehensive income		
Changes in fair value of interest rate hedge	**570**	(2,164)
Other comprehensive income, net of tax	**570**	(2,164)
Total comprehensive income for the year	**41,565**	99,111

Set out below is a summary of movements in consolidated retained earnings of the Closed Group:

Retained earnings at the beginning of the financial year	**50,174**	(29,669)
Profit for the year	**40,995**	101,275
Dividends paid	**(43,748)**	(21,432)
Retained earnings at the end of the financial year	**47,421**	50,174

Note 34. Deed of cross guarantee (continued)

	2012 $'000	2011 $'000
Set out below is a consolidated statement of financial position of the Closed Group:		
Current assets		
Cash and cash equivalents	1,456	4,513
Trade and other receivables	79,590	97,379
Inventories	12,928	12,262
Tax assets	1,135	515
Total current assets	95,109	114,669
Non-current assets		
Investments	290,497	282,805
Property, plant and equipment	22,720	27,183
Deferred tax assets	88,553	86,565
Intangible assets	5,616	7,509
Total non-current assets	407,386	404,062
Total assets	502,495	518,731
Current liabilities		
Trade and other payables	60,978	57,953
Borrowings	7,000	-
Provisions	9,317	9,593
Other liabilities	12,167	11,682
Total current liabilities	89,462	79,228
Non-current liabilities		
Trade and other payables	9,502	18,225
Borrowings	131,000	175,000
Provisions	4,763	4,098
Other liabilities	7,450	6,360
Total non-current liabilities	152,715	203,683
Total liabilities	242,177	282,911
Net assets	260,318	235,820
Equity		
Contributed equity	233,137	209,043
Reserves	(20,240)	(23,397)
Retained earnings	47,421	50,174
Total equity	260,318	235,820

Note 35. Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2012 $'000	2011 $'000
Statement of financial position		
Current assets	**12,438**	12,299
Total assets	**170,301**	140,037
Current liabilities	**3,507**	3,479
Total liabilities	**3,507**	3,479
Shareholders' equity		
Contributed equity	**233,137**	209,043
Reserves	**64,450**	59,601
Retained earnings	**(130,793)**	(132,085)
	166,794	136,559
Profit for the year after tax	**45,040**	40,350
Total comprehensive income after tax	**45,040**	40,350

(b) Guarantees entered into by the parent entity

Cross guarantees given by the parent entity are set out in Note 34.

(c) Contingent liabilities of the parent entity

Contingent liabilities of the parent entity are set out in Note 24.

Directors' declaration in relation to financial statements and audit

PricewaterhouseCoopers has audited the 2012 Financial Statements and has issued an unqualified audit report. A copy of their report will be available with the 2012 Annual Financial Report (contained within the 2012 Annual Report).

This declaration is made in accordance with a resolution of the directors.

Dr ID Blackburne
Chairman
27 November 2012