



30 November 2017

Company Announcements Office
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Aristocrat Leisure Limited
Formatting Error – Revised FY2017 Results Announcement

Aristocrat Leisure Limited (the “Company”) refers to its earlier announcement (“FY2017 Results Announcement”) which contained a minor formatting error on page 7 of the notes to the Financial Statements which resulted in certain figures in Note 1-1(b) Segment results not being visible.

The attached Revised FY2017 Results Announcement corrects this minor formatting error.

Yours sincerely

A handwritten signature in black ink, appearing to read "A Korsanos".

A Korsanos
Chief Financial Officer &
Company Secretary



ARISTOCRAT LEISURE LIMITED

ABN 44 002 818 368

**2017 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**



2017 PROFIT ANNOUNCEMENT CONTENTS

Appendix 4E - Results for announcement to the market

Directors' Report

- Operating and Financial Review
- Remuneration Report

Auditor's Independence Declaration

2017 Financial Statements

- Statement of profit or loss and other comprehensive income
- Balance sheet
- Statement of changes in equity
- Cash flow statement
- Notes to the financial statements

Directors' Declaration

Independent Auditor's Report

ARISTOCRAT LEISURE LIMITED

A.B.N. 44 002 818 368

APPENDIX 4E

Preliminary Final Report

Period ended: 30 September 2017

Previous corresponding period: 30 September 2016

Results for announcement to the market

				2017 \$'m
Statutory results				
Revenue from ordinary activities	up	15.3%	to	2,453.8
Profit from ordinary activities after tax	up	41.3%	to	495.1
Dividends				
		Amount per security	Franked amount per security	Record date for determining entitlements to dividends
Current year – 2017:				
- Interim dividend		14.0c	3.5c	31 May 2017
- Final dividend		20.0c	20.0c	6 December 2017
Previous year – 2016:				
- Interim dividend		10.0c	0.0c	2 June 2016
- Final dividend		15.0c	0.0c	6 December 2016
Dividend Reinvestment Plan				
The Aristocrat Leisure Limited Dividend Reinvestment Plan (DRP) will not operate in respect of the 2017 final dividend.				

For further explanation of the above figures please refer to the operating and financial review and market presentations. Other financial information required by the Appendix 4E is contained in the financial statements.

Audit

This report is based on accounts that have been audited. The audit report is included as part of this profit announcement.

Directors' Report

For the 12 months ended 30 September 2017

The Directors present their report together with the financial statements of the Company and its subsidiaries (the Group) for the 12 months ended 30 September 2017 (the financial year). The information in this report is current as at 30 November 2017 unless otherwise specified.

This Directors' Report has been prepared in accordance with the requirements of Division 1 of part 2M.3 of the *Corporations Act 2001* (Cth) (the Act).

Review and results of operations

A review of the operations of the Group for the financial year is set out in the Operating and Financial Review which forms part of this Directors' Report.

Financial results

The reported result of the Group attributable to shareholders for the 12 months ended 30 September 2017 was a profit of \$495.1 million after tax (2016: profit of \$350.5 million after tax).

Further details regarding the financial results of the Group are set out in the Operating and Financial Review and financial statements.

Dividends

Since the end of the financial year, the Directors have recommended the payment of a final dividend of 20.0 cents (2016: 15.0 cents) per fully paid ordinary share. Details of the dividends paid and declared during the financial year are set out in Note 1-6 to the financial statements.

Remuneration Report

Details of the remuneration policies in respect of the Group's Key Management Personnel are detailed in the Remuneration Report which forms part of this Directors' Report.

Sustainability

Further detail on sustainability can be found on the Company's website and forms part of this Directors' Report and integrates a wider range of non-financial management issues as the Group moves to improve its sustainable reporting standards.

Directors' particulars, experience and special responsibilities

Current Directors

The Directors of the Company throughout the financial year and up to the date of this report are:

CURRENT DIRECTORS		
Director	Experience and other directorships	Special responsibilities
ID Blackburne BSc (Hons), MBA, PhD	Nominated December 2009. Appointed September 2010. <ul style="list-style-type: none"> • Former Chairman, Recall Holdings Limited, CSR Limited and Australian Nuclear Science and Technology Organisation • Former Director, Teekay Corporation (listed on the NYSE), Suncorp-Metway Limited and Symbion Health Limited • Former Managing Director, Caltex Australia Limited 	Non-Executive Chairman Member of each Board Committee
TJ Croker Advanced Management Program (Wharton School, University of Pennsylvania)	Appointed 1 March 2017 <ul style="list-style-type: none"> • Former Executive Vice President, Global Product & Insights – Aristocrat Leisure Limited • Former Managing Director, ANZ – Aristocrat Leisure Limited • Sales Director – Fosters Australia Ltd 	Managing Director and Chief Executive Officer (from 1 March 2017) Member, Strategic Risk Committee
DCP Banks BBus (Mgt)	Nominated October 2010. Appointed July 2011. <ul style="list-style-type: none"> • Former Group Chief Operating Officer of Galaxy Entertainment Group (Macau) • Former Chief Executive (Casinos Division) of Tabcorp Holdings Limited • Former Chief Executive Officer, Star City Holdings Limited • Former President, Australasian Casinos Association • Former Director, Australian Gaming Council 	Chair, Audit Committee Member, Regulatory and Compliance Committee
K Conlon BEc, MBA	Nominated January 2014. Appointed February 2014. <ul style="list-style-type: none"> • Director of REA Group Limited and Lynas Corporation Limited • Member of Chief Executive Women, Director of the Benevolent Society and Chair of the Audit Committee for the Commonwealth Department of Health • Former President of the NSW Council, former Director of CSR Limited and former National Board Member of the Australian Institute of Company Directors • Former Partner and Director, Boston Consulting Group (BCG) 	Chair, Human Resources and Remuneration Committee Member, Strategic Risk Committee

CURRENT DIRECTORS

Director	Experience and other directorships	Special responsibilities
RV Dubs BSc (Hons), Dr ès Sc, FTSE, FAICD	Nominated December 2008. Appointed June 2009. <ul style="list-style-type: none"> • Director, ASC Pty Ltd, ANU Enterprise Pty Ltd, and Astronomy Australia Ltd • Former Chair, Space Industry Innovation Council • Former Deputy Vice-Chancellor (External Relations), University of Technology Sydney • Former VP Operations, Thales ATM SA (France) • Former Director, Structural Monitoring Systems Plc, Thales ATM Pty Limited, Thales ATM Inc (USA) and Thales ATM Navigation GmbH (Germany) • Former Chairman, Thales ATM spA (Italy) 	Chair, Regulatory and Compliance Committee Member, Human Resources and Remuneration Committee
SW Morro BA, Business Administration	Nominated December 2009. Appointed December 2010. <ul style="list-style-type: none"> • Former Chief Operating Officer and President, IGT Gaming Division 	Lead US Director Member, Regulatory and Compliance Committee Member, Human Resources and Remuneration Committee
PJ Ramsey BA, Economics, MBA	Nominated September 2016. Appointed October 2016. <ul style="list-style-type: none"> • Former Chief Digital Officer, Aristocrat Leisure Limited • Former Director & CEO, Multimedia Games • Various senior roles at Caesars Entertainment (formerly Harrah's) 	Member, Regulatory and Compliance Committee Member, Strategic Risk Committee
S Summers Couder Dip Electrical Engineering, Master's in Electrical Engineering and Computer Sciences Cycle de Perfectionnement Option (Equivalent MBA)	Nominated August 2016. Appointed September 2016. <ul style="list-style-type: none"> • Director, Semtech Corporation. • Former Director, Alcatel-Lucent SA and Headwaters Inc. • Former Chief Executive Officer of Trident Microsystems Inc. 	Chair, Strategic Risk Committee Member, Audit Committee
AM Tansey BBA, MBA, Juris Doctor	Nominated March 2016. Appointed July 2016. <ul style="list-style-type: none"> • Director, Adelaide Brighton Ltd, Primary Health Care Ltd, Lend Lease Investment Management Limited and Infrastructure New South Wales • Member of Chief Executive Women and Fellow of the Australian Institute of Company Directors 	Member, Audit Committee Member, Strategic Risk Committee

FORMER DIRECTORS

Director	Experience and other directorships	Special responsibilities
JR Odell MBA	Appointed May 2009; Ceased employment on 28 February 2017 <ul style="list-style-type: none"> • Former Board Member, American Gaming Association • Former Managing Director, Australia, Asia and Pacific, Foster's Group Limited • Former Executive, Allied Domecq in the UK and Asia Pacific • Former Managing Director, Lyons Tetley Australia 	Former Managing Director and Chief Executive Officer
RA Davis BEc (Hons), M Philosophy	Appointed June 2005; Retired 27 February 2017. <ul style="list-style-type: none"> • Consulting Director Investment Banking, Rothschild Australia Limited • Chairman, Bank of Queensland Limited • Director, Argo Investments Limited, AIG Australia Limited, Ardent Leisure Management Limited and Ardent Leisure Limited • Former Chairman, Centric Wealth Advisors Limited and Charter Hall Office REIT • Former Director, Territory Insurance Office and Trust Company Limited. • Former Senior Executive, Citicorp and CitiGroup Inc in the United States and Japan • Former Group Managing Director, ANZ Banking Group Limited 	Member, Audit Committee Member, Human Resources and Remuneration Committee

Directors' attendance at Board and committee meetings during the financial year

The attendance of members of the Board at Board meetings and attendance of members of committees at committee meetings of which they are voting members is set out below.

(Meetings attended/held)

Director	Board	Audit Committee	Human Resources and Remuneration Committee	Regulatory and Compliance Committee	Strategic Risk Committee
Current Directors					
ID Blackburne	15/15	4/4	4/4	4/4	2/2
TJ Croker	7/7	-	-	-	2/2
DCP Banks	15/15	4/4	-	4/4	-
KM Conlon	15/15	-	4/4	2/2	2/2
RV Dubs	15/15	2/2	2/2	4/4	-
SW Morro	14/15	-	4/4	4/4	-
P Ramsey***	14/14	-	-	2/2	2/2
S Summers Couder	14/15	1/2	-	-	2/2
A Tansey	15/15	4/4	-	-	2/2
Former Directors					
JR Odell*	8/8	-	-	-	-
RA Davis**	8/8	2/2	2/2	-	-

* Mr Odell ceased employment with Aristocrat Leisure Limited on 28 February 2017.

** Mr Davis retired from the Board on 27 February 2017.

*** Mr Ramsey was nominated by the Board on 13 September 2016 as a Non-Executive Director, subject to receipt of all relevant regulatory pre-approvals. Pending regulatory approval, Mr Ramsey was a Director (Elect). Necessary regulatory pre-approvals were received and Mr Ramsey's appointment as a Non-Executive Director was confirmed by the Board on 28 October 2016.

Company Secretaries

The Company Secretaries are directly accountable to the Board, through the Chairman, for all governance matters that relate to the Board's proper functioning.

As at the date of this report, the Group had the following Company Secretaries:

Antonia Korsanos *Bachelor of Economics (Major in Accounting & Finance) and Chartered Accountant*

Mrs A Korsanos was appointed as Company Secretary in March 2011 and is also the Chief Financial Officer of the Group. Mrs Korsanos is a member of the Institute of Chartered Accountants in Australia (ACA).

Richard Bell *LLB, BComm (Law)*

Richard Bell joined Aristocrat in April 2015 and was appointed as Company Secretary in May 2017. Before joining Aristocrat, Mr Bell specialised in Mergers & Acquisitions at Australian law firm Allens Linklaters (previously Allens Arthur Robinson).

Principal activities

The principal activities of the Group during the financial year were the design, development and distribution of gaming content, platforms and systems. The Group also operates within the online social gaming and real money wager

markets. The Company's objective is to be the leading global provider of gaming solutions. There were no significant changes in the nature of those activities during the financial year.

Significant changes in the state of affairs

Except as outlined below and elsewhere in this Directors' Report, there were no significant changes in the state of affairs of the Group during the financial year.

Events after balance date

On 20 October 2017, the Group completed the acquisition of 100% of Plarium Global Limited, for a total consideration of an upfront amount of US\$500m cash, subject to adjustments and an earn-out arrangement payable to Plarium shareholders following the end of calendar years 2017 and 2018 respectively. A debt draw down of US\$425m was made to finance the transaction.

On 30 November 2017, the Group signed an agreement to acquire 100% of Big Fish Games, Inc. from Churchill Downs Inc. for a purchase price of US\$990m, subject to customary completion adjustments. The acquisition is subject to receiving regulatory approval, and will be funded by an incremental Term Loan B debt facility as well as cash holdings. The entity to be acquired operates as a publisher of social casino, casual free-to-play and premium paid games.

Other than the matter above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, 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.

Likely developments and expected results

Likely developments in the operations of the Group in future financial years and the expected results of operations are referred to in the Operating and Financial Review which forms part of this Directors' Report.

Options over share capital

No options over Company shares were granted to executives or Directors during the financial year. There were no unissued shares or interests in the Company subject to options at the date of this Directors' Report and no Company shares or interests issued pursuant to exercised options during or since the end of the financial year.

Indemnities and insurance premiums

The Company's Constitution provides that the Company will indemnify each officer of the Company against any liability incurred by that officer in or arising out of the conduct of the business of the Company or in or arising out of the discharge of that officer's duties to the extent permitted by law.

An officer for the purpose of this provision includes any Director or Secretary of the Company or the Company's subsidiaries, executive officers or employees of the Company or its subsidiaries and any person appointed as a trustee by, or acting as a trustee at the request of, the Company, and includes former Directors.

In accordance with the Company's Constitution, the Company has entered into deeds of access, indemnity and insurance and deeds of indemnity for identity theft with each Director and nominated officers of the Company. No amount has been paid pursuant to those indemnities during the financial year to the date of this Directors' Report.

The Company has paid a premium in respect of a contract insuring officers of the Company and its related bodies corporate against any liability incurred by them arising out of the conduct of the business of the Company or in or arising out of the discharge of their duties. In accordance with normal commercial practices, under the terms of the insurance contracts, the details of the nature and extent of the liabilities insured against and the amount of premiums paid are confidential.

Environmental regulation

The Group's operations have a limited impact on the environment. The Group is subject to a number of environmental regulations in respect of its integration activities. The Company does not manufacture gaming machines, it only integrates (assembles) machines and systems in Australia, the USA, Macau, the UK, South Africa and New Zealand. The Company uses limited amounts of chemicals in its assembly process. The Directors are not aware of any breaches of any environmental legislation or of any significant environmental incidents during the financial year.

Based on current emission levels, the Company is not required to register and report under the *National Greenhouse and Energy Reporting Act 2007* (Cth) (NGER Act). However, the Company continues to receive reports and monitors its position to ensure compliance with the NGER Act.

The Company is committed to not only complying with the various environmental laws to which its operations are subject, but also to achieving a high standard of environmental performance across all its operations. The Company is aware of, and continues to plan for, any new Australian regulatory requirements on climate change. It is the Company's view that climate change does not pose any significant risks to its operations in the short to medium term. Throughout the Group, new programs and initiatives have been introduced to ensure the Company is well prepared for new regulatory regimes and to reduce its carbon footprint.

Proceedings on behalf of the Company

No proceedings have been brought on behalf of the Company under section 236 of the Act nor has any application been made in respect of the Company under section 237 of the Act.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Act.

Non-audit services provided by the auditor

The Company, with the prior approval of the Chair of the Audit Committee, may decide to employ PricewaterhouseCoopers, the Company's auditor, on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. The Company has a Charter of audit independence which specifies those non-audit services which cannot be performed by the Company auditor. The Charter also sets out the procedures which are required to be followed prior to the engagement of the Company's auditor for any non-audit related service.

Details of the amounts paid or payable to the Company's auditor, for audit and non-audit services provided during the financial year, are set out in Note 6-3 to the financial statements.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services as set out in Note 6-3 to the financial statements is compatible with the general standard of independence for auditors imposed by the Act for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the auditor's independence declaration is attached to this Directors' Report.

Loans to Directors and executives

No Director or executive held any loans with the Company during the financial year.

Rounding of amounts to nearest thousand dollars

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 as issued by the Australian Securities and Investments Commission. Amounts in the Director's report and the financial statements have been rounded off to the nearest whole number of million dollars and one decimal place representing hundreds of thousands of dollars, or in certain cases, the nearest dollar in accordance with that class order.

This report is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors.



Dr ID Blackburne
Chairman
30 November 2017

Operating and Financial Review

Aristocrat at a Glance

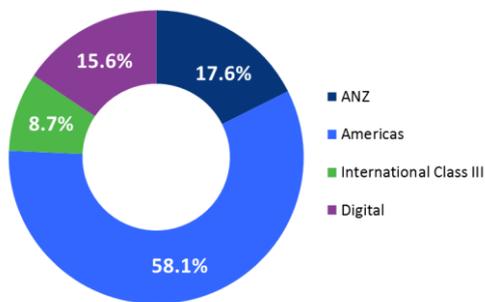
Revenue

\$2.45 billion

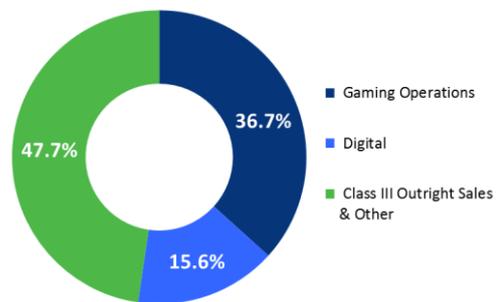
Licensed Jurisdictions

291

Revenue by segment



Revenue by strategic segment

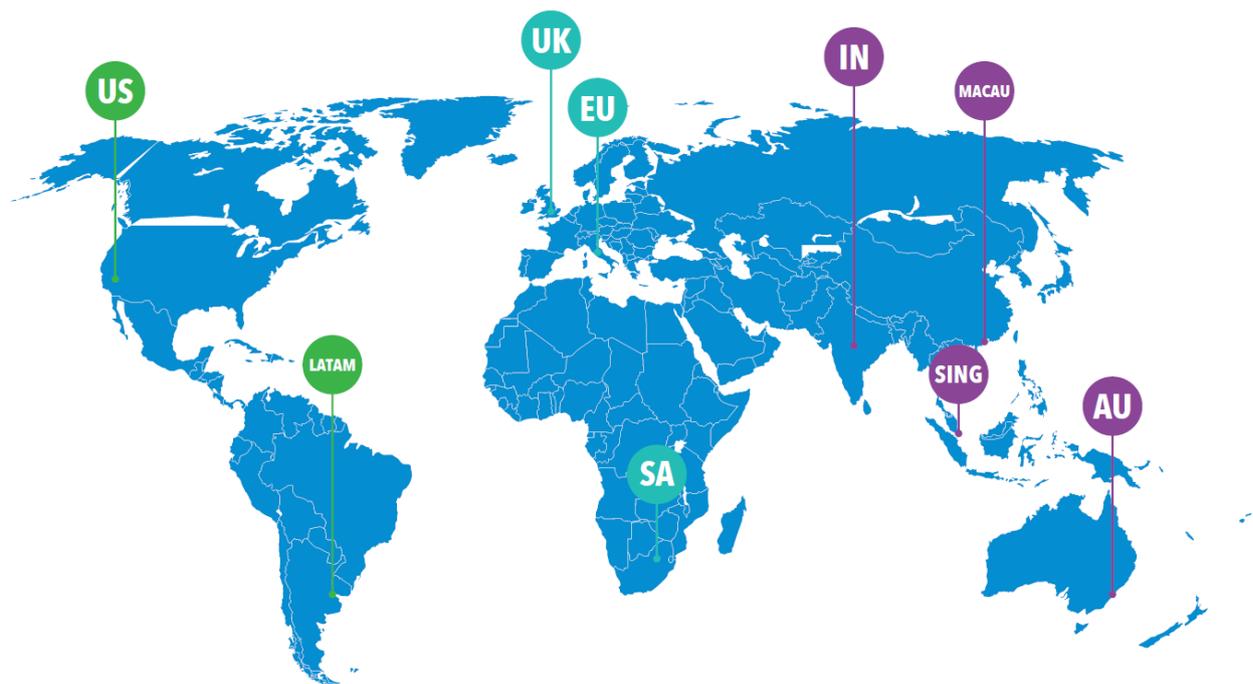


Countries

100

Employees

3,640+



Operating and Financial Review

Business Strategy

“Aristocrat made progress in unlocking organic growth opportunities in adjacent markets and segments in addition to investing in the high growth social games market through the acquisition of Plarium”

Business strategies and prospects for future financial years

Aristocrat’s consistent focus has been on delivering high quality, sustainable growth, by protecting and expanding our core business, capturing opportunities in adjacent and new markets and segments, and investing in outstanding talent and a high performance culture.

The acquisition of Plarium Global Ltd (‘Plarium’), announced during the period, is an example of Aristocrat’s willingness to invest in new markets, consistent with our strategy and rigorous approach to M&A. Plarium significantly increases Aristocrat’s presence in the high-growth social games market. It has also immediately expanded our addressable digital opportunity by around eight times – to approximately US\$22 billion of value – encompassing the Strategy, Role Playing Game (‘RPG’) and Casual games segments in which Plarium competes.

This acquisition will substantially lift the Digital segment’s pro forma earnings contribution to the Group. It will also further expand Aristocrat’s recurring revenue base, thereby enhancing the Group’s ability to drive sustainable returns over time.

Over the course of FY17, Aristocrat also made further progress in unlocking organic growth opportunities in adjacent markets and segments.

In the Digital business, a new application - *Cashman Casino*TM – was successfully launched and scaled, while a new Asian-themed app *FaFaFa Gold*TM will be launched in the coming period.

In addition, the *RELM*TM Class III stepper product was introduced, with significant progress made during the reporting period in building out a broad and deep game portfolio to support the product in market.

The Class II *Ovation*TM video product was another successful launch into an adjacent segment executed during the year. Early performance is exceeding expectations and driving strong customer interest and momentum.

Progress was also made in developing a competitive VLT (video lottery terminal) offer during the year, leveraging new and existing Aristocrat content and offering a mix of games to appeal to multiple player segments.

Aristocrat’s strong balance sheet and growing recurring revenues give us broad optionality to continue to consider both organic and inorganic opportunities to sustain our growth momentum and create value for shareholders.

Aristocrat Leisure Limited

Operating and Financial Review

Review of Operations

Group Performance

Earnings Summary

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

A\$ million	Constant currency ¹ 2017	2017	2016	Variance vs. 2016	
				Constant currency ¹ %	Reported %
Reported Results					
Operating revenue	2,513.7	2,453.8	2,128.7	18.1	15.3
EBITDA	1,030.1	1,001.2	806.0	27.8	24.2
EBITA	883.0	858.1	673.4	31.1	27.4
NPAT	509.3	495.1	350.5	45.3	41.3
NPATA	559.1	543.4	398.2	40.4	36.5
Earnings per share (fully diluted)	79.7c	77.5c	54.9c	45.2	41.2
EPS before amortisation of acquired intangibles (fully diluted)	87.5c	85.0c	62.4c	40.2	36.2
Total dividend per share	34.0c	34.0c	25.0c	36.0	36.0
Balance sheet and cash flow					
Net working capital/revenue	6.9%	7.1%	5.7%	(1.2)pts	(1.4)pts
Operating cash flow	822.2	799.1	680.5	20.8	17.4
Operating cash flow conversion	147.1%	147.1%	170.9%	(23.8)pts	(23.8)pts
Closing (net debt)/cash	(671.5)	(652.3)	(1,004.6)	33.2	35.1
Gearing (net debt/consolidated EBITDA ²)	n/a	0.6	1.2	n/a	50.0

(1) Results for 12 months to 30 September 2017 adjusted for translational exchange rates using rates applying in 2016 as referenced in the table on page 11.

(2) Consolidated EBITDA as defined by the Credit Agreement

The information presented in this Operating and Financial Review has not been audited in accordance with the Australian Auditing Standards.

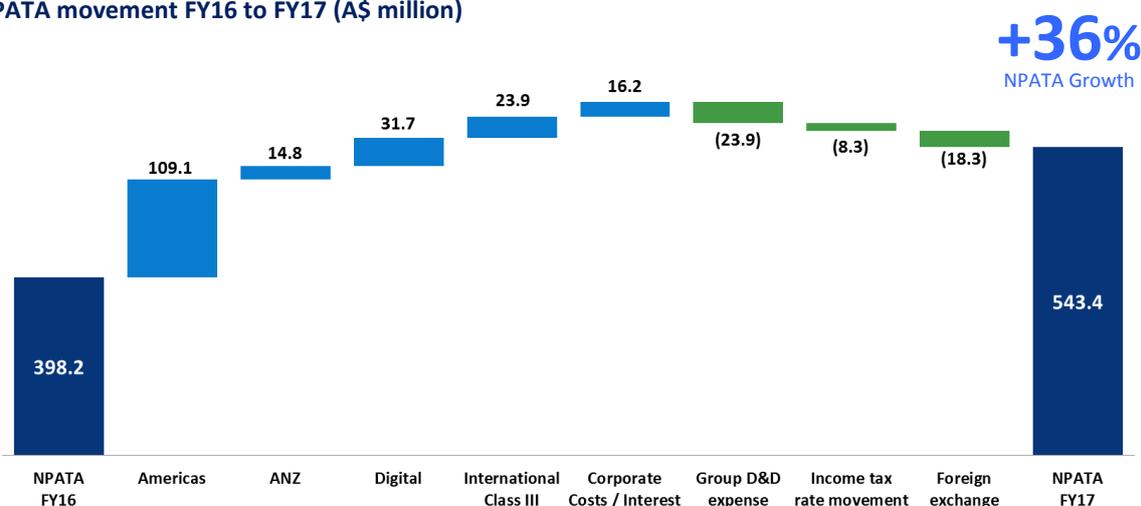
Aristocrat Leisure Limited

Performance Summary

Profit after tax and before amortisation of acquired intangibles ('NPATA') of \$543 million for the period represented a 36% increase (40% in constant currency) compared to \$398 million in the prior corresponding period. There are no significant items or discontinued operations reported this period. Revenue increased by more than 15% (18% in constant currency) driven by growth across all key segments in broadly flat markets. Normalised fully diluted earnings per share before amortisation of acquired intangibles of 85.0c represents a 36.2% increase on the prior corresponding period.

Operating cash flow increased by more than 17% and net gearing reduced to 0.6x from 1.2x compared to the prior corresponding period reflecting the strong performance across the business as well as the continued focus on cash management.

NPATA movement FY16 to FY17 (A\$ million)



- Strong growth in the Americas business drove a \$109 million improvement in post-tax profit compared to the prior period. This growth was driven by an 18% expansion in the Class III premium gaming operations footprint, together with further growth in the Class II gaming operations footprint and average fee per day ('FPD'). A 9% lift in Class III Outright Sales and an improved average selling price (ASP) further supported this result.
- The ANZ business delivered almost \$15 million in incremental profit, driven by the top performing *Helix*TM cabinet, penetration of the *Lightning Link*TM and *Player's Choice*TM family of games, the recent introduction of *Dragon Link*TM and continued performance of the broader Aristocrat game portfolio.
- **Digital** delivered strong earnings growth of \$31.7m due to the continued success of *Heart of Vegas*TM and the success of *Cashman Casino*TM which was launched in the year.
- **International Class III** drove a \$23.9 million improvement in post-tax profit compared to the prior period mainly driven by large scale openings in the region. The completion of the 1.1 regulatory churn cycle in Macau in FY16 was more than offset by the growth across the region.
- The Group's **strategic investments** in talent and technology, represented in higher D&D spend, are delivering strong competitive product across all key markets and segments in line with its strategic objectives.
- **Foreign exchange** impacted the business performance by \$18.3 million which was partially offset by a decrease in interest.

Aristocrat Leisure Limited

Group Profit and Loss

Results in the current period and prior corresponding period are at reported currency and there were no significant items or discontinued operations. Segment profit is stated before amortisation of acquired intangibles.

A\$ million	2017	2016	Variance %
Segment revenue			
Australia and New Zealand	431.6	412.7	4.6
Americas	1,424.5	1,255.2	13.5
International Class III	214.7	181.1	18.6
Digital	383.0	279.7	36.9
Total segment revenue	2,453.8	2,128.7	15.3
Segment profit			
Australia and New Zealand	190.5	169.1	12.7
Americas	736.4	600.3	22.7
International Class III	112.5	80.5	39.8
Digital	158.9	118.1	34.5
Total segment profit	1,198.3	968.0	23.8
Unallocated expenses			
Group D&D expense	(268.4)	(239.2)	(12.2)
Foreign exchange	(4.9)	(1.0)	(390.0)
Corporate	(66.9)	(54.4)	(23.0)
Total unallocated expenses	(340.2)	(294.6)	(15.5)
EBIT before amortisation of acquired intangibles (EBITA)	858.1	673.4	27.4
Amortisation of acquired intangibles	(76.9)	(76.3)	(0.8)
EBIT	781.2	597.1	30.8
Interest	(53.1)	(89.9)	40.9
Profit before tax	728.1	507.2	43.6
Income tax	(233.0)	(156.7)	(48.7)
Profit after tax	495.1	350.5	41.3
Amortisation of acquired intangibles after tax	48.3	47.7	1.3
Profit after tax and before amortisation of acquired intangibles (NPATA)	543.4	398.2	36.5

Aristocrat Leisure Limited

Revenue

Segment revenue increased \$325 million or 15% in reported currency (18% in constant currency) with growth across all three of our strategic segments: Gaming Operations; Digital and Class III Outright Sales & Other.

In Gaming Operations, the Premium Class III install base grew 18%, the Class II footprint grew almost 5% and overall average fee per day grew 5%. The *Ovation*TM (Class II Video) product was launched in the period.

Digital revenue grew 41% to A\$395 million in constant currency terms due to an increase in average revenue per daily active user ('ARPDau') driven by strong content releases and growth in daily active users ('DAU') as a result of the launch and scaling of *Cashman Casino*TM in the period.

In Class III Outright Sales, the overall North American ship share was maintained in line with the growth in market size. Unit sales revenue was up 14%, driven by the sales volume increase and an improvement in ASP due to favourable product mix supported by the performance from *Arc*TM Single.

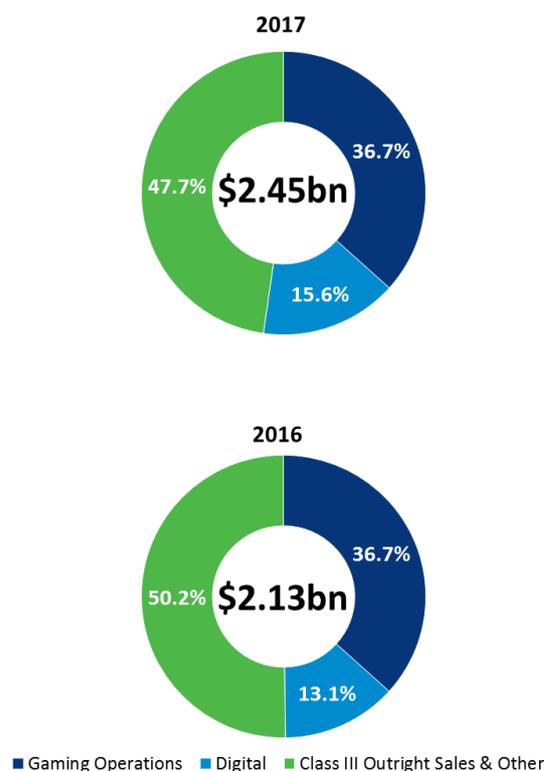
In Australia & New Zealand Class III, revenue increased by 4.6% to \$432 million in constant currency terms compared to the prior corresponding period, while overall profit increased by 12.7% reflecting the continued strength in market share.

In International Class III, revenue was up by 21.5% to \$220 million in constant currency terms, driven by large scale openings in the region.

Earnings

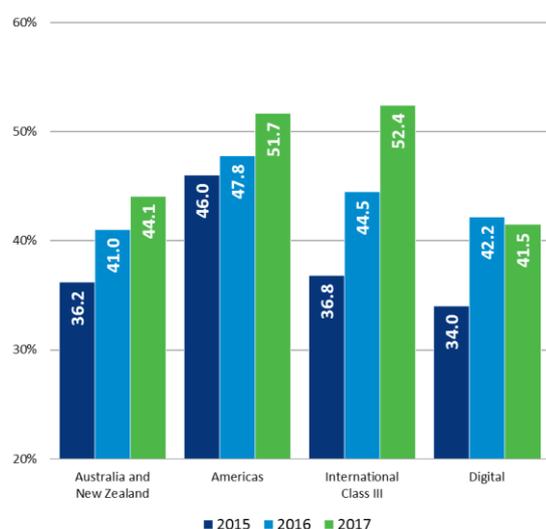
Segment profit increased \$230 million in reported currency, up 24% compared with the prior corresponding period (27% in constant currency) ahead of revenue delivery primarily due to the growth in install base and improved margins across all businesses from a combination of higher average selling prices and operating leverage.

Revenue by Strategic Segment



Aristocrat Leisure Limited

Segment Profit Margin % of Revenue



The Group continues to invest significantly in better games through new talent and new technology, with ongoing efficiencies reinvested in core product development and capability targeting strategic growth opportunities. The Group's investment in D&D spend, as a percentage of revenue, was 10.9% compared to 11.2% of revenues in the prior corresponding period. Total reported spend increased \$29.2 million or 12% (14% in constant currency).

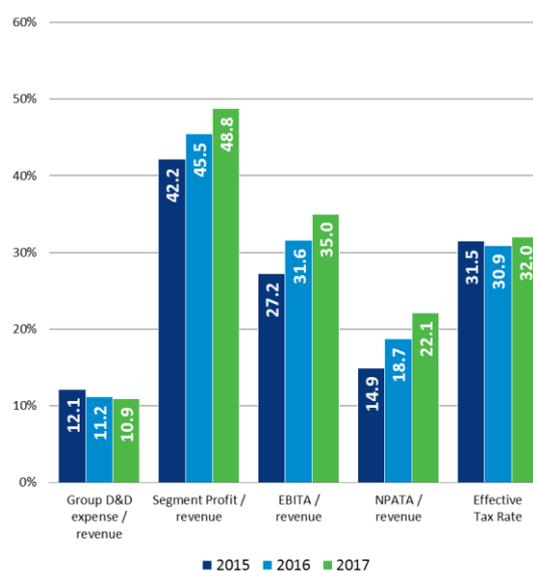
Corporate costs increased by \$12.5 million compared to the prior corresponding period mainly driven by higher variable employee compensation, higher legal costs and one-off consulting costs. Corporate costs as a percentage

of revenue remained broadly in line with the prior corresponding period.

Net interest expense decreased \$36.8 million to \$53.1 million, reflecting the repricing of the Term Loan B facility and the reduced debt levels.

The effective tax rate ('ETR') for the reporting period was 32% compared to 30.9% in the prior corresponding period due to the geographical mix of earnings.

Other Key Margins % of Revenue and ETR



Aristocrat Leisure Limited

Balance Sheet

The balance sheet can be summarised as follows:

A\$ million	30 Sep 2017	31 Mar 2017	30 Sep 2016	Variance %
Cash and cash equivalents	547.1	394.5	283.2	93.2
Property, plant and equipment	241.3	239.2	217.5	10.9
Intangible assets	1,687.7	1,738.7	1,736.5	(2.8)
Other assets	816.8	760.1	750.5	8.8
Total assets	3,292.9	3,132.5	2,987.7	10.2
Current borrowings	0.1	0.1	-	n/a
Non current borrowings	1,199.3	1,227.5	1,287.8	(6.9)
Payables, provisions and other liabilities	747.9	661.1	624.4	19.8
Total equity	1,345.6	1,243.8	1,075.5	25.1
Total liabilities and equity	3,292.9	3,132.5	2,987.7	10.2
Net working capital	174.2	148.7	122.3	42.4
Net working capital % revenue	7.1	6.3	5.7	24.6
Normalised net working capital % revenue	7.5	7.9	7.3	2.7
Net debt / (cash)	652.3	833.1	1,004.6	(35.1)

Significant balance sheet movements from 30 September 2016 are:

Net working capital: Normalised for deferred consideration on the VGT acquisition, net working capital as a percentage of annual revenue remained in line with the prior period at 7.5% reflecting the continued focus on cash management.

Intangible assets: The decrease relates primarily to the impact of foreign exchange on the US dollar denominated assets combined with amortisation of the acquired intangibles of the VGT business – predominantly customer relationships and technology.

Non-current borrowings: The reduction in non-current borrowings primarily relates to the repayment of US\$50 million of the Term Loan B facility during the reporting period and the impact of foreign exchange on the US dollar denominated loan facility.

Total equity: The change in total equity reflects the result for the period, changes in reserves due to currency movements, net of dividends paid during the period.

Aristocrat Leisure Limited

Statement of cash flows

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

Operating cash flow

A\$ million	2017	2016	Change %
EBITDA	1,001.2	806.0	24.2
Change in net working capital	(51.9)	20.4	n/a
Interest and tax	(171.0)	(152.3)	(12.3)
Other cash and non-cash movements	20.8	6.4	225.0
Operating cash flow	799.1	680.5	17.4
Operating cash flow less capex	585.6	487.9	20.0
Operating cash flow % NPATA	147.1	170.9	(13.9)
Operating cash flow % EBITDA	79.8	84.4	(5.5)

Consolidated cash flow

A\$ million	2017	2016	Change %
Operating cash flow	799.1	680.5	17.4
Capex	(213.5)	(192.6)	(10.9)
Acquisitions and divestments	(23.0)	(16.7)	(37.7)
Investing cash flow	(236.5)	(209.3)	(13.0)
Repayment of borrowings	(65.5)	(359.1)	81.8
Payments for loans advanced	-	(13.5)	100.0
Dividends and share payments	(231.1)	(133.8)	(72.7)
Financing cash flow	(296.6)	(506.4)	41.4
Net increase in cash	266.0	(35.2)	n/a

Operating cash flow increased 17% compared to the prior corresponding period.

The increase in operating cash flows is due to the strong performance across the business with higher mix of recurring revenues as well as continued focus on cash management.

Net interest paid at \$44.0 million was \$23.7 million lower than the prior corresponding period due to favourable repricing of the Term Loan B facility and the reduced debt levels with US\$50 million repaid during the year.

Taxes paid in the year increased from \$84.6 million to \$127 million driven by the growth in the Americas and Digital businesses and the prior year benefit from tax losses which were fully utilised during FY16.

Capital expenditure relates primarily to investment in hardware to support the Americas gaming operations installed base.

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

Aristocrat Leisure Limited

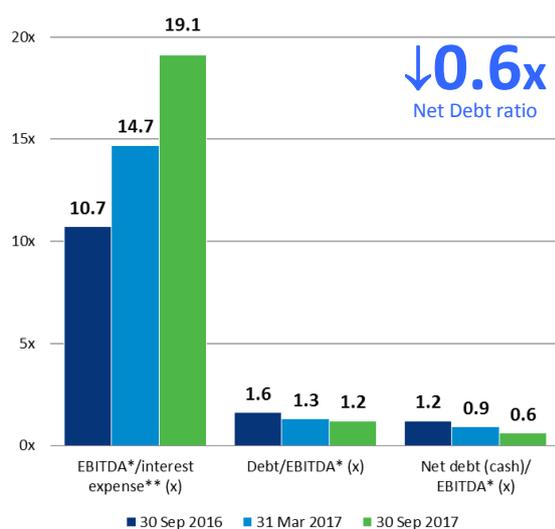
Funding and Liquidity

The Group had committed loan facilities of A\$1.3 billion as at 30 September 2017, comprising a US\$950 million Term Loan B facility maturing in October 2021 and a \$100 million revolving facility maturing in October 2019. The Group repaid US\$50 million of the Term Loan B facility during the period, reflecting the Group's strong cash balance and liquidity position providing it with flexibility to repay debt.

The Group's facilities are summarised as follows:

Facility	Drawn as at 30 Sep 2017	Limit	Maturity date
Term Loan B facility	US\$950.0m	US\$950.0m	Oct 2021
Revolving facility	A\$0.0m	A\$100.0m	Oct 2019
Overdraft facilities	A\$0.0m	A\$7.6m	Annual Review

The Group's interest and debt coverage ratios are as follows (x):



* EBITDA refers to Consolidated EBITDA for the Group as defined in Aristocrat's Syndicated Facility Agreement (also referred to as Bank EBITDA)

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

The Group's leverage ratio (net debt / EBITDA) continued to decline in the reporting period, falling from 1.2x as at 30 September 2016 to 0.6x as at 30 September 2017. The reduction in gearing over the reporting period reflects debt paydown, earnings growth and strong free cash flow generation across the Group.

The company completed the acquisition of Plarium Global Limited on 19 October 2017. Aristocrat funded the acquisition via existing cash and an incremental US\$425 million 7 year Term Loan B debt facility which matures in October 2024.

Pro forma debt coverage ratios are set out below:

Proforma Ratio	FY17
Debt / EBITDA* (x)	1.6x
Net debt (cash) / EBITDA* (x)	1.2x

Credit Ratings

The Group obtained credit ratings from both Moody's Investor Services and Standard & Poor's in order to support the launch of the US\$1.3 billion Term Loan B facility in 2014.

As at 30 September 2017, Aristocrat holds credit ratings of BB+ from Standard & Poor's and Ba1 from Moody's. Moody's upgraded Aristocrat's credit rating by one notch from Ba2 in December 2016 and S&P upgraded from BB in May 2017.

Aristocrat continues to target financial metrics in line with an investment grade level.

Dividends

The Directors have authorised a final dividend in respect of the full year to 30 September 2017 of 20.0 cents per share (\$127.7 million). Total dividends in respect of the 2017 year amount to 34.0 cents per share (\$217.3 million) and represent an increase of 36% (or 9.0 cents), reflective of growth in performance, strength of cash flows and continued improvement in gearing.

The dividend is expected to be declared and paid on 20 December 2017 to shareholders on the register at 5.00pm on 6 December 2017. The dividend will be fully franked.

Aristocrat Leisure Limited

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.

In the 12 months to 30 September 2017, the Australian dollar was, on average, stronger against the US dollar when compared to the prior corresponding period. The impact of translating foreign currency (translational impact) decreased revenue by \$59.9 million while decreasing normalised profit after tax and before amortisation of acquired intangibles by \$15.7 million on a weighted average basis when compared with rates prevailing in the respective months in the prior period. In addition, as at 30 September 2017, the cumulative effect of the retranslation of the net assets of foreign controlled entities (recognised through the foreign currency translation reserve) was a debit balance of \$38.0 million (compared to a debit balance of \$11.1 million as at 30 September 2016).

Based on the Group's 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 \$6 million translational impact on the Group's annual profit after tax and before amortisation of acquired intangibles. 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:

AS:	30 Sep 2017	31 Mar 2017	30 Sept 2016	2017 Average ¹	2016 Average ¹
USD	0.7842	0.7647	0.7663	0.7624	0.7383
NZD	1.0860	1.0902	1.0517	1.0649	1.0706
EUR	0.6639	0.7160	0.6817	0.6870	0.6675
GBP	0.5850	0.6102	0.5903	0.5983	0.5251
ZAR	10.6324	10.2421	10.5100	10.2028	10.8931
ARS	13.5804	11.7668	11.7692	12.3371	10.1781

¹Average of monthly exchange rates only. No weighting applied.

Operating and Financial Review

Review of Operations

Regional segment review

Segment profit represents earnings before interest and tax, and before significant items, charges for D&D expenditure, amortisation of acquired intangibles and corporate costs. The total amount of these items is disclosed in the Group's statement of comprehensive income. There are no significant items or discontinued operations in the current period. Constant currency amounts refer to 2017 results restated using exchange rates applying in 2016.

Americas

Summary Profit or Loss

US\$ million	2017	2016	Variance %
Revenue			
North America	1,033.7	890.1	16.1
Latin America	51.0	38.0	34.2
Total Revenue	1,084.7	928.1	16.9
Profit			
North America	546.6	434.0	25.9
Latin America	13.7	9.9	38.4
Total Profit	560.3	443.9	26.2
Margin	51.7%	47.8%	3.9 pts

In local currency, North American profits increased by 26%, or US\$116 million to US\$560 million representing 3.9 ppts of margin expansion. This was driven by strong performance in both the premium and Class II gaming operations segments and growth in outright sales with improved unit mix.

North America Gaming Operations Units



Aristocrat's Class III premium gaming operations install base grew 18%, fuelled by continued penetration of the high-performing products *Lightning Link*[™], *Buffalo Grand*[™], *Walking Dead 3*[™], and *Game of Thrones*[™] as well as the successful launch of innovative products such as *Fast Cash*[™] and *5 Dragons Grand*[™].

The Class III premium gaming operations install based will continue to be supported by a strong product portfolio across a diverse range of product segments with *Dragon Link*[™] on the *Arc Single*[™] cabinet and the introduction of two new hardware innovations as shown at G2E: the *RELM XL*[™] Aristocrat's stepper cabinet, launching with *Buffalo Inferno*[™] and *Buffalo Thundering 7s*[™]; and the *Flame55*[™] portrait cabinet launching with *Mariah Carey*[™], and the second Aristocrat title made in partnership with HBO's #1 TV show, *Game of Thrones*[™].

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In Class II Gaming Operations placements increased by 4.7% driven by the opening of new sites, additions at existing locations and the successful launch of the Class II video product *Ovation™*.

Average fee per day across Class II and Class III markets increased 5%, driven by game performance across the portfolio supported by new form factors.

North America Outright Sales units and Average US\$ Price / unit



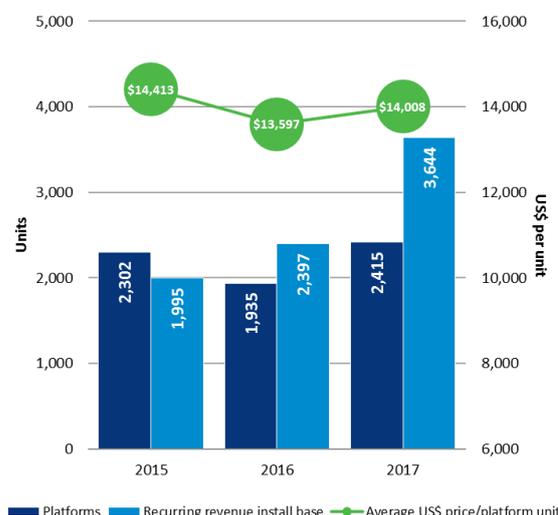
Class III Outright Sales revenue increased by 14% compared to the prior period primarily driven by the depth of strong portfolio performance, the introduction of the *Helix™+* cabinet and the continued performance of *Helix™* and *Arc™* single. *Helix™+* is an enhanced version of the *Helix™* footprint, featuring High Definition Dual 27" screens including a fully integrated virtual button deck.

The Class III Outright Sales portfolio performed well during the period across all categories with new content and continued success from Aristocrat's existing library. The *C-Series™* portfolio included new releases in *Extra Bonus Wilds™*, a brand extension of *Whales of Cash™* and a strong addition to the *Wonder 4™* suite with *Wonder 4 Tall Fortunes™*. The *E-Series™*

performance and depth of library continued to grow with strong titles such as *Sacred Guardians™* and *8 Petals™*, supported by the new top performing *Mighty Cash™ – Long Teng Ju Xiao™*. *J-Series™* was also a key category across both *Helix™* and *Arc™* footprint with the new *Gold Bonanza™*, *Pure Gold™* and the extension of *Gold Stacks™*.

The *RELM™* Stepper was introduced in the period with 18 titles, a reflection of the commitment to this market segment. Key performing games include *Golden Tree™*, *Stars and Sevens™*, *Triple 7 Wildfire Double™* and *3x7 2xLotus™*.

Latin America Outright Sales units, Average US\$ Price / unit and Recurring Revenue install base



Latin America revenue increased 34% compared to the prior period, as a result of strong product performance in both outright sales and recurring revenue, with continued momentum of *Arc Single™* and *Lightning Link™* in addition to the introduction of the *Helix™+*.

There was growth in the Latin America recurring revenue footprint in the year with an increase of 52% in ending install base.

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Australia and New Zealand

Summary Profit or Loss

A\$ million	Constant currency		Variance %
	2017	2016	
Revenue	431.7	412.7	4.6
Profit	190.6	169.1	12.7
Margin	44.2%	41.0%	3.2 pts

ANZ revenue increased by 4.6% to \$431.7 million in constant currency terms compared to the prior corresponding period, while overall profit increased by 12.7% to \$190.6 million. These gains reflected sustained market-leading ship share, 4% platform growth and further margin expansion compared to the pcp.

Average selling price decreased slightly from the prior corresponding period to \$20,348, while the ANZ profit margin increased to 44.2% from 41.0%, reflecting the focus on efficiency improvements throughout the business and the expansion of commercial models.

ANZ Outright Sales units and Average A\$ Price / unit



The ANZ business maintained its leading ship share through ongoing expansion in the game portfolio, together with an expanded *Helix*TM cabinet offering.

Aristocrat continues to deliver strong performance across a number of product segments including

Multigame, Standalone and Linked Progressives. Top performing new game releases supported this momentum, including *5 Dragons Empire*TM, *Lightning Link*TM, *Lightning Cash*TM, *Player's Choice Emerald Edition*TM and most recently the *Dragon Link*TM & *Dragon Cash*TM titles.

The combination of a strong performing games portfolio and differentiated cabinet offering continues to provide greater choice and flexibility for customers. Aristocrat will continue to invest in core game innovation and cutting edge technology to deliver market leading player experiences.

International Class III

Summary Profit or Loss

A\$ million	Constant currency		Variance %
	2017	2016	
Revenue	220.1	181.1	21.5
Profit	115.1	80.5	43.0
Margin	52.3%	44.5%	7.8 pts
Class III Platforms	7,125	5,978	19.2

International Class III revenue and profit increased 21% and 43% respectively to \$220 million and \$115 million compared to the prior corresponding period.

Asia Pacific performance was strong, mainly driven by large scale openings in the region where market leading ship share was achieved. *Lightning Link*TM was launched in the region during the period.

Europe experienced strong growth over the period primarily due to a new casino opening in South Africa in addition to growth in recurring revenue backed by the success of *Lightning Link*TM and *Game of Thrones*TM.

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Digital

Summary Profit or Loss

A\$ million	Constant currency		Variance %
	2017	2016	
Revenue	395.0	279.7	41.2
Profit	163.9	118.1	38.8
Margin	41.5%	42.2%	(0.7) pts

Digital revenues increased by 41% to A\$395 million in constant currency (A\$383 million in reported currency) driven by the ongoing success of *Heart of Vegas*TM and the launch and scaling of *Cashman Casino*TM in the period.

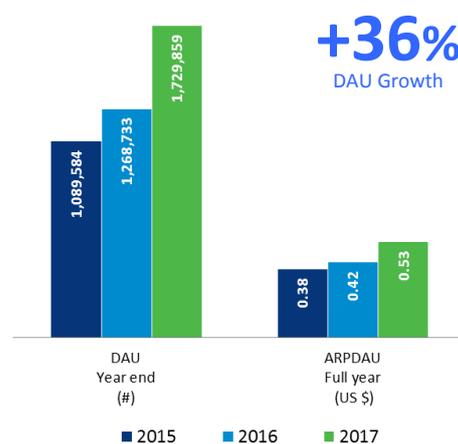
Segment profit margin of 41.5% is slightly lower than the pcp due to costs associated with the launch of *Cashman Casino*TM.

Daily active user ('DAU') numbers increased 36% primarily due to the launch and scaling of *Cashman Casino*TM, both on the Android platform from December 2016 and the iOS platform from June 2017.

Overall average revenue per daily active user (ARPDau) increased 26% to US 53c compared to the pcp driven by increasingly sophisticated

product and marketing features, and strong content releases, in particular *Lightning Link*TM.

Daily Active Users (DAU) and Average US\$ net revenue per DAU (ARPDau)



The shift toward mobile continued throughout 2017, with users on mobile channels representing 85% of average DAU, up from 65% in the pcp.

Operating and Financial Review

Principal Risks

Material risks to business strategies and prospects for future financial years

Identifying and managing risks which may affect the success of our strategy and financial prospects for future years is an essential part of our governance framework. While the Group has a strong track record of managing a multitude of risks, some inherent risks remain, many of which are not directly within the control of the Group.

Our risk management approach involves the ongoing assessment, monitoring and reporting of risks which could impede our progress in delivering our strategic priorities. Key management and staff are responsible for the day-to-day management of risks and implementation of risk management plans. The Group also has an Internal Audit and Risk Management function which, supported by external advisors, provides independent and objective assurance on the effectiveness of our internal control processes.

A separate Strategic Risk Committee of the Board has been established given the increased scale, complexity and breadth of the Group's business. The Strategic Risk Committee will assist the Board by monitoring key identified strategic (enterprise-wide) risks and overseeing the Group's risk management strategy in connection with these identified risks. This facilitates and integrated, enterprise-wide approach to identifying and managing key risks and a strong focus on specific critical strategic risks.

The Group has established a formal risk management framework, which is based on ISO3100 Risk Management and the ASX Principles and Recommendations. This framework is supported by the Group's Code of Conduct and risk management policy. The policy defines 'Extreme' and 'Very High' business risks which,

once identified, are also captured on the global risk register. Extreme and Very High business risks are regularly reported to the Board via the Board Audit Committee along with treatment plans and controls. Any Extreme or Very High Strategic risk, which would prevent a material part of the strategy from being executed is regularly reported to the Strategic Risk Committee.

The main risks affecting the Group are set out below. The Group may also face a range of other risks from time to time in conducting its business activities. While it aims to manage risks in order to avoid adverse impacts on its financial standing, some risks are outside the control of the Group.

Changing economic conditions and other factors affecting the gaming industry

Demand for our products and services can be dependent upon favourable conditions in the gaming industry, which is highly sensitive to players' disposable incomes and gaming preferences. Discretionary spending on entertainment activities could decline for reasons beyond the Group's control; for example, due to negative economic conditions or natural disasters.

A decline in the relative health of the gaming industry and the difficulty or inability of our customers to obtain adequate levels of capital to finance their ongoing operations might reduce the resources available to purchase products and services, which could affect Group revenues.

To address this we are working to develop and deliver new and innovative technologies and products to meet customer needs and working to partner with our customers to provide value adding solutions.

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Litigation and contingent liabilities

From time to time, the Group may be subject to material litigation, regulatory actions, legal or arbitration proceedings and other contingent liabilities which, if they crystallise, may adversely affect the Group's results.

Increasing competition

Competition in the gaming industry (both land-based and online) has intensified from the consolidation of existing competitors as well as the entry of new competitors. Increasingly, price, reliability and product innovation are among the factors affecting a provider's success in selling its products.

As traditional land-based markets continue to mature, the Group's success and profitability is dependent in part on our ability to successfully enter new segments in existing markets and new markets as well as new distribution channels, such as mobile and online gaming.

To address this we continue to invest in key skills and talent and have also strengthened our insights function to enhance our ability to produce innovative new product portfolios to drive entry into new markets and support share growth.

Government gaming regulation

The global gaming industry is subject to extensive governmental regulation. While the regulatory requirements vary by jurisdiction, most require:

- (a) licences and/or permits;
- (b) findings of suitability;
- (c) documentation of qualifications, including evidence of financial stability; and
- (d) individual suitability of officers, directors, major shareholders and key employees.

Changes in laws or regulations or the manner of their interpretation or enforcement could impact the Group's financial performance and restrict our ability to operate our business or execute our strategies. Difficulties or delays in obtaining or

maintaining required licences or approvals could also have a negative impact on the business.

A material breach of internal processes may result in violation of existing regulations which could also impact our ability to maintain required licenses or approvals.

Gaming laws and regulations serve to protect the public and ensure that gaming related activity is conducted honestly, competitively, and free of corruption. A change in government (or governmental policy towards gaming) may also impact our operations. This political risk increases in jurisdictions where there is significant anti-gaming opposition or vocal minority interests.

The Group has established a comprehensive regulatory assurance function and governance framework to ensure that we continue to monitor the political environment and regulations in the jurisdictions in which we operate and to monitor our adherence to internal processes to ensure we comply with existing regulations.

Cyber risk and privacy regulation

The cyber security and privacy regulatory environment is continuing to evolve. Aristocrat is focused on further strengthening its governance, processes and technology controls to continue to protect the integrity and privacy of data, and maintain compliance with regulatory requirements. The Group's ongoing investment in cyber transformation initiatives, together with its Control and Risk Framework operate to reduce the likelihood of cyber security incidents, ensuring early detection and the mitigation of impact.

Tax

The risk that changes in tax law (including goods and services taxes and stamp duties), or changes in the way tax laws are interpreted in the various jurisdictions in which the Group operates, may impact the tax liabilities of the Group and the assets in which it holds an interest. The Group seeks to manage this risk by monitoring changes in legislation, utilising external tax and legal advisors and employing highly experienced qualified

Aristocrat Leisure Limited

accounting and tax experts who regularly monitor the taxation relevant to the Group's operations. Aristocrat has implemented a Tax Governance Framework which sets out the Company's approach to tax risk management and governance, tax strategy and dealing with revenue authorities. In addition Aristocrat has chosen to adopt the Board of Taxation's Voluntary Tax Transparency Code of 2016 and prepares a Voluntary Tax Transparency Code Report. In accordance with that code, Aristocrat discloses details such as corporate income taxes paid by and effective tax rates of, Aristocrat. This report is posted on the Aristocrat website. The report can also be viewed at the Voluntary Tax Transparency Code central website, administered by the ATO.

Fluctuations in foreign exchange rates and interest rates

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

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. 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. The debt issue used to partly fund the acquisition of Video Gaming Technologies Inc. resulted in an increase in the Group's total debt and also resulted in a level of debt which is exposed to a floating rate of interest. The Group is therefore exposed to movements in interest rates. The Group seeks to mitigate this risk with a capital management strategy which examines periodic debt pay down and with the implementation, and

continued assessment, of an interest rate hedging strategy.

Ability to manage and frequently introduce innovative products on a timely basis

The Group's success is dependent on its ability to develop and sell new products that are attractive to casino operators and other gaming enterprises and their customers, for both land-based and online gaming operations. If the Group's land-based or online gaming content does not meet or sustain revenue and profitability expectations, it may be replaced or we may experience a reduction in revenue generated and an increased exposure to obsolete inventory. Therefore, success depends upon the Group's ability to continue to produce technologically sophisticated land-based and online products that meet its customers' needs and achieve high levels of player appeal and sustainability. Further, newer products are generally more sophisticated than those produced in the past and the Group must continually refine design, production and approval capabilities to meet the needs of its product innovation.

The Group has invested, and intends to continue to invest, significant resources into its insights function, research and development efforts and the acquisition of key talent to mitigate this risk.

REMUNERATION REPORT

This Remuneration Report for the 12 months ended 30 September 2017 (Reporting Period or FY2017) forms part of the Directors' Report and has been audited as required by section 308(3C) of the Corporations Act 2001 (Cth) (the Act).

SECTION 1 MAINTAINING SUSTAINABLE PERFORMANCE

Aristocrat's remuneration strategy and framework is based on a 'pay for performance' philosophy. The Board is confident the current remuneration framework has supported and driven its business strategy and Group out-performance.

Aristocrat is one of a small group of ASX listed companies that derives the majority of its revenues from overseas markets and is genuinely global in its structure and operations. Aristocrat's senior leadership is predominantly US based, and the business must increasingly attract and retain leaders in the US market with technology and global management skillsets that will require an evolution in its approach to remuneration. US market practice (in particular) places a greater emphasis on at-risk opportunity, and significant equity grants are more commonly used for talent attraction and retention, than is typically the case in Australia.

The Board will continue to review the structure of Aristocrat's incentive schemes to ensure they are competitive and effective in helping the business to retain and attract the leadership and talent it needs to drive business strategy and financial performance in the interests of shareholders.

Any changes will continue to reflect Aristocrat's 'pay for performance' philosophy and drive shareholder value.

STI outcome

Senior Executives received on average 176% of their STI target award, supported by NPATA increasing by 36.5% to \$543.4 million (in reported currency) from the prior corresponding period.

This strong NPATA growth was driven by continued growth across all key segments and through continued share gains across broadly flat markets.

Strong FCF of 129% of target.

LTI outcome

Based on sustained long term performance over the three year period to 30 September 2017, 100% of PSRs awarded under the 2015 LTI Grant vested following testing against the Relative TSR and Relevant EPS performance measures in November 2017, and converted into shares.

The Relative TSR component (30% of total grant) vested as Aristocrat's annual compounded TSR of 296.07%, with Aristocrat 2nd in its Peer Comparator Group and ranked at the 98.95th percentile.

The Relevant EPS component (30% of total grant) vested at 100% based on the delivery of a three-year EPS CAGR of 54.4%.

REMUNERATION REPORT

SECTION 2 REMUNERATION REPORT OVERVIEW

This Remuneration Report has been prepared in accordance with section 300A of the Corporations Act 2001 (Cth) (the Act) for Aristocrat Leisure Limited and its controlled entities (Group) for the year ended 30 September 2017.

Table 1 below outlines the KMP and their movements during FY2017

KMP	Position	Term as KMP
Non-Executive Directors		
ID Blackburne	Chair; Director	Full financial year
DCP Banks	Director	Full financial year
KM Conlon	Director	Full financial year
RA Davis	Director	Retired on 27 February 2017
RV Dubs	Director	Full financial year
SW Morro	Lead US Director ¹	Full financial year
P Ramsey	Director ²	Full financial year Nominated on 13 September 2016
AM Tansey	Director	Full financial year
S Summers Couder	Director	Full financial year
Executive KMP		
T Croker	CEO and Managing Director (from 1 March 2017) ³	Full financial year
A Korsanos	CFO, Global Services and Company Secretary	Full financial year
J Seigny	President, Video Gaming Technologies	Full financial year
JR Odell	CEO and Managing Director	Ceased to be employed on 28 February 2017
M Sweeny	Chief Commercial Officer	Ceased to be employed on 31 December 2016

1. One Non-Executive Director acts as the Lead US Director. The Lead US Director assists the Board with review and oversight of Aristocrat's North American business, which accounts for approximately 70% of Group revenue.
2. Mr Ramsey was nominated by the Board on 13 September 2016 as a Non-Executive Director, subject to receipt of all relevant regulatory pre-approvals. Pending regulatory approval, Mr Ramsey was a Director (Elect). Necessary regulatory pre-approvals were received and Mr Ramsey's appointment as a Non-Executive Director was confirmed by the Board on 28 October 2016.
3. Mr Croker was appointed as CEO and Managing Director (Elect) on 9 November 2016, and formally assumed the role of CEO and Managing Director on 1 March 2017. Prior to his appointment as CEO and Managing Director (Elect), Mr Croker held the role of Executive VP - Global Products and Insights.

REMUNERATION REPORT

SECTION 3 SENIOR EXECUTIVE¹ REMUNERATION PHILOSOPHY AND FRAMEWORK

3.1 Core principles

The following three core principles guide Aristocrat's Senior Executive remuneration strategy and a 'pay for performance' framework:

Alignment to shareholder interests and value creation

Provide a common interest between Senior Executives and shareholders by aligning the rewards that accrue to management to Aristocrat's performance and, ultimately, the creation of sustainable shareholder returns.

Market competitive

As a global organisation, be competitive in the markets in which Aristocrat operates to attract, motivate and retain high calibre people. Aristocrat's senior leadership is predominantly US based, and the business must increasingly attract and retain leaders in the US market with technology and global management skills sets that will require an evolution in Aristocrat's approach to remuneration.

Performance-based

Support the short, medium and long-term financial targets and business strategies of the Group as set out in the strategic business plans endorsed by the Board.

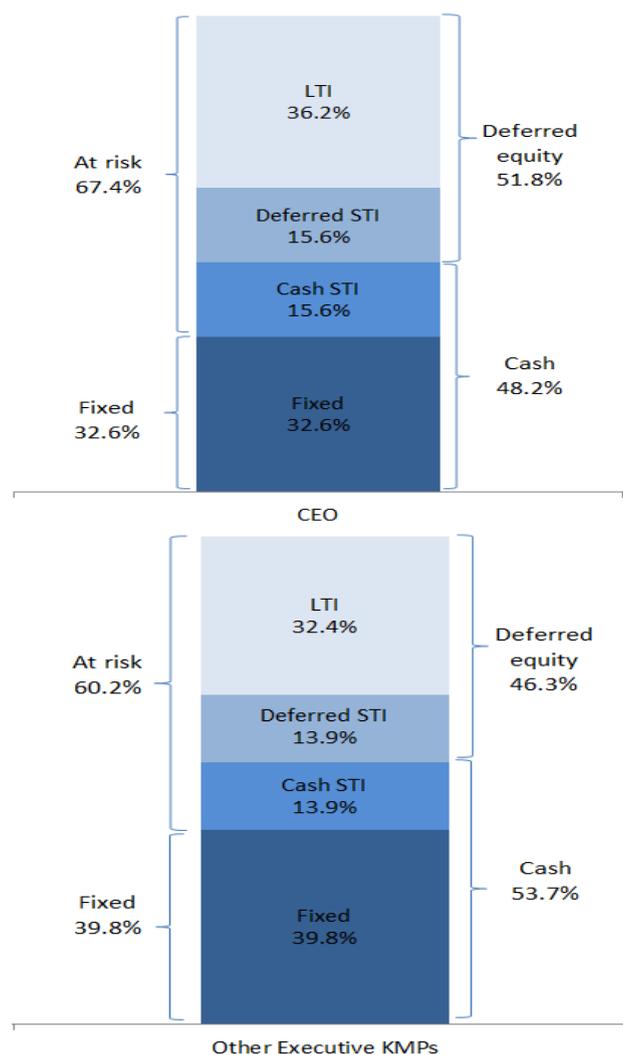
3.2 Executive remuneration mix

Total remuneration includes both a fixed component and an at-risk or performance related component (governing both short-term and long-term incentives).

The Board views the at-risk component as an essential driver of a high performance culture and superior shareholder returns.

The following illustration shows the remuneration mix for the Executive KMP in FY2017. It has been modelled on the average of the Executive KMP's target opportunity (but excluding any contractual severance entitlements).

The Board aims to achieve a balance between fixed and performance related components of remuneration. The actual remuneration mix for the Executive KMP will vary depending on the level of performance achieved at a Group, business unit and individual level.

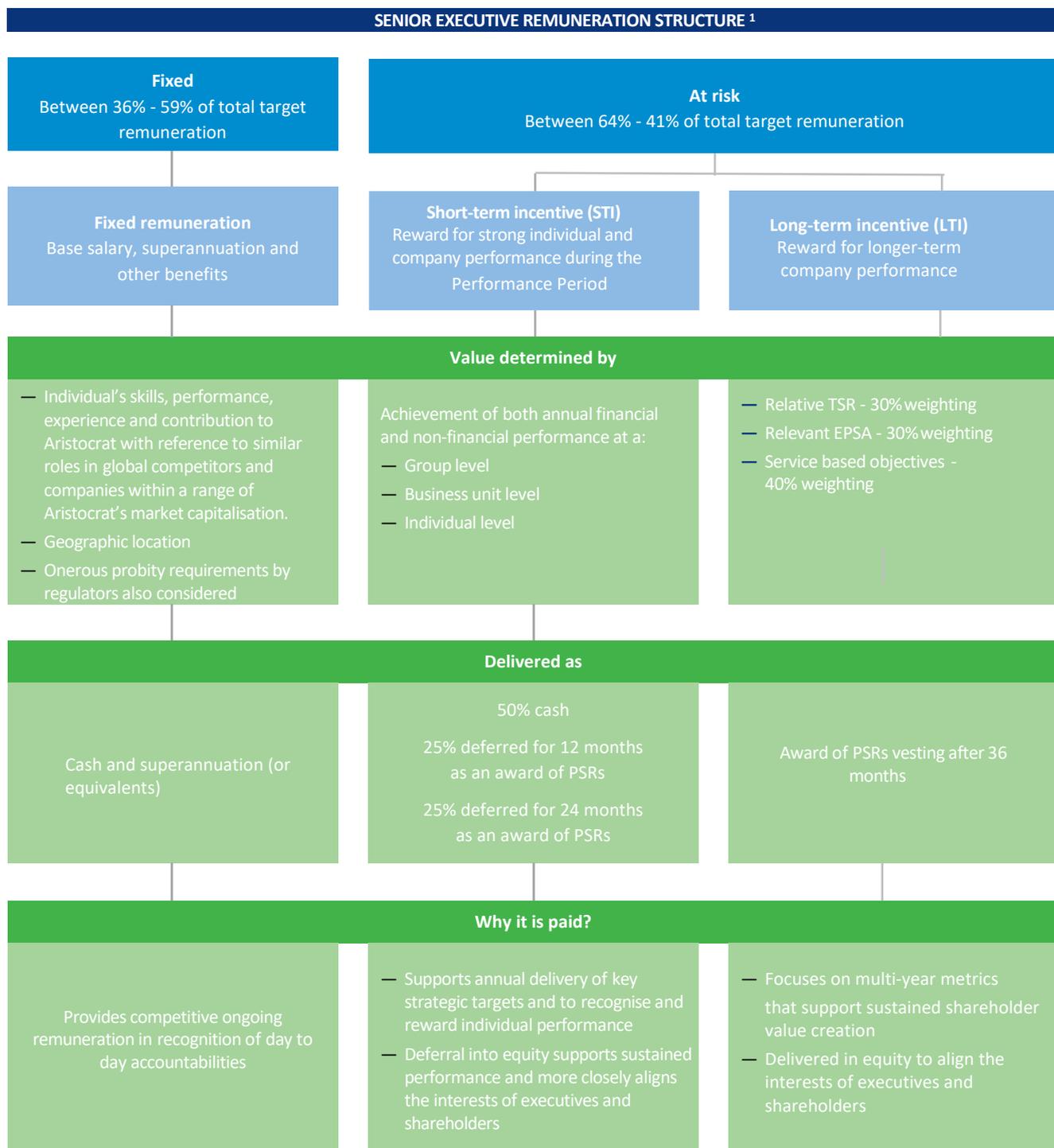


The chart above reflects weighted average CEO remuneration of J Odell from 1 October 2016 to 28 February 2017, and T Croker from 1 March 2017 to 30 September 2017.

1. 'Senior Executives' comprise Executive KMP as well as other members of Aristocrat's Executive Leadership Team (details of which can be found on www.aristocrat.com)

REMUNERATION REPORT

Table 2 Senior Executive Remuneration structure and framework



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3.3 Elements of executive remuneration

3.3.1 Fixed remuneration

Senior Executives receive a competitive fixed remuneration comprising cash salary, superannuation and other benefits which make up the 'fixed remuneration' component of their total remuneration package.

Senior Executives have the choice to have a combination of benefits including additional superannuation contributions and the provision of a vehicle provided from their fixed remuneration. Senior Executives also (in certain instances) receive other benefits, including salary continuance, trauma, death and disability insurance. Senior Executives are able to maintain memberships to appropriate professional associations. As appropriate, expatriate executives receive additional support including accommodation allowances, travel and ad hoc taxation advice.

Senior Executives do not receive retirement benefits other than those disclosed in Table 7.

3.3.2 STI Plan

What is the STI Plan?

Senior Executives have the opportunity to earn an annual incentive award which is delivered in cash and deferred equity awards (in the form of PSRs). The STI Plan recognises and rewards short-term performance.

How much can Senior Executives earn?

A target opportunity is set for each Senior Executive, which is earned if Group and individual performance is on target. For certain Senior Executives, in a region or business unit, a target opportunity is set which is earned if regional performance and individual performance is on target.

Senior Executives (other than the CEO) (on average) have a target STI of between 44% and 73% of fixed remuneration, and a maximum STI opportunity of (on average) 108% of fixed remuneration. The CEO has a target STI of 100% of fixed remuneration.

Participants have the opportunity to earn up to 200% of their target STI opportunity for achieving stretch performance.

What are the financial performance conditions?

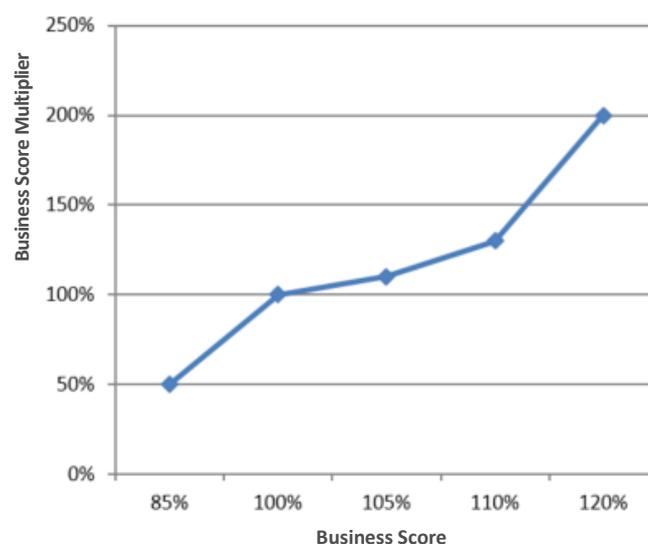
No payment is made unless the STI gateway of the Business Score Threshold (being 85% of the Business Score Goals) is met.

For employees whose role is multi-regional or global in nature – including all Executive KMP – their 'Business Score Goal' is the result that is based on the actual financial

performance of Aristocrat in a financial year, calculated by reference to NPATA and FCF as follows:

- NPATA – 70% weighting
- FCF – 30% weighting

The Business Score is converted into the Business Score Multiplier according to the following chart:



What are the non-financial performance conditions?

A ratings scale of "Exceeds Requirements", "Meets Requirements", "Meets Most Requirements" and "Underperforms" is used to assess individual performance. No payment is made unless the relevant Senior Executive achieves a minimum Individual Performance Rating of "Meets Most Requirements".

Senior Executives are assessed on delivery against (non-financial) KPOs of the Group such as product quality, product innovation, great game content and driving a high performing culture through development, retention and succession planning.

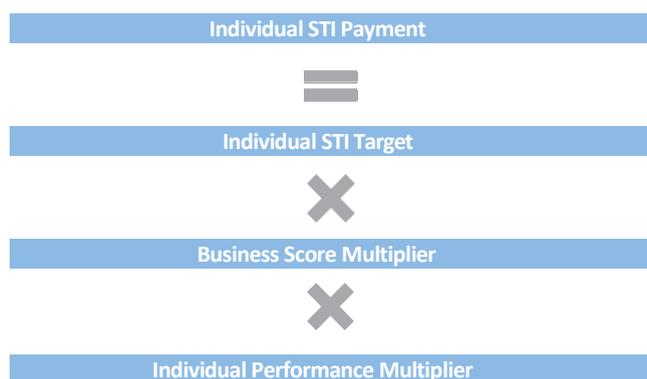
Individual Performance Rating is converted into Individual Performance Multiplier according to the following ranges:

Rating	Outcome
Underperforms	0%
Meets Most Requirements	60% - 90%
Meets Requirements	80% - 120%
Exceeds Requirements	120% - 150%

REMUNERATION REPORT

The Individual Performance Multiplier is then used to determine the quantum of STI payment the Senior Executive will receive.

Once the Business Score Multiplier and Individual Performance Multiplier are determined, an individual's STI award is calculated as follows:



Why were these performance conditions chosen?

The Board considers these performance measures to be appropriate as they are aligned with Aristocrat's objectives of delivering sustainable growth and sustainable superior returns to shareholders. In the case of FCF, this measure was chosen as it ensures cash flow discipline, which in turn allows Aristocrat to fund growth initiatives. In addition, Senior Executives have a clear line of sight to the targets and are able to affect results through their actions.

Performance measures and conditions are reviewed annually and are subject to change as considered appropriate. The Board has discretion to review and amend the Business Score Goals during the performance period (up or down) where significant unforeseen events have occurred which are outside of the control of management.

Who assesses performance and when?

The Board assesses performance of the CEO and Managing Director against the performance conditions with the benefit of advice from the HR and Remuneration Committee.

The CEO and Managing Director assesses the other Executive KMP's performance against the performance conditions and makes recommendations to the HR and Remuneration Committee which advises the Board in relation to the CEO and Managing Director's recommendations and the review process.

Special mitigating circumstances may be accepted, determined or approved on a case by case basis by the CEO and Managing Director, and subject to approval by the HR and Remuneration Committee and the Board.

Are there deferral terms?

Yes - if the STI award is between 50% and 100% of target STI, then 50% of the target STI is delivered in cash and a minimum of 50% of the award is deferred as an equity award of PSRs, with half of these PSRs vesting after 12 months and the remaining half vesting 24 months after the end of the performance period. The Board has discretion to determine the percentage which will be deferred as an equity award if the award is less or greater than target.

No additional performance conditions apply to vesting of the PSRs to the Senior Executive, with the exception of the continued employment by the relevant Senior Executive.

The number of PSRs is calculated using the volume-weighted average price (VWAP) over the five trading days immediately prior to and including the last day of the performance period (for awards under the 2017 STI Plan this was 30 September 2017).

Are Senior Executives eligible for dividends?

An amount (based upon dividends paid by Aristocrat during the deferral period) accrues on the PSRs and is paid in cash at the end of the deferral period to the extent that the PSRs vest.

What happens if a Senior Executive leaves?

Unvested PSRs will be forfeited if the Senior Executive ceases to be employed, although the Board has discretion to determine otherwise for reasons such as death, redundancy or if the participant is a 'good leaver'.

As a general rule, a Senior Executive will not be deemed to be a 'good leaver' to the extent they are terminated for cause, breach their terms of employment contract or underperformance or they resign from Aristocrat.

Is there a clawback?

Yes - in the event of a material misstatement of performance, or other factors deemed by the Board to be materially significant, the Board has the discretion to clawback STI payments from deferred amounts and (if necessary) future earnings of the Senior Executive.

No transfer or hedging

PSRs granted under the plan are not transferable and participants are prohibited from entering into hedging arrangements in respect of unvested PSRs.

REMUNERATION REPORT

3.3.3 LTI Plan

This section summarises the terms of LTI grants made in FY2017.

What is the LTI Plan and who participates?

Under the LTI Plan, annual grants of PSRs are made to eligible participants to align remuneration with the creation of shareholder value over the long-term.

Executive KMP as well as any employee of the Group who is invited by the Board is eligible to participate.

Non-Executive Directors are not eligible to participate in the LTI Plan.

How is the LTI award calculated?

The actual number of PSRs to be granted to a Senior Executive will be determined by calculating the Face Value of Aristocrat's shares and dividing the LTI Opportunity by the Face Value and rounding to the nearest whole figure. In determining the 'LTI Opportunity', the Board will take into account the nature of the position, the context of the current market, the function and purpose of the long-term component and other relevant information.

What are the vesting conditions?

Three vesting conditions apply to LTI grants made during FY2017:

- Relative TSR
- Relevant EPSA
- Service (time) based vesting conditions

Relative TSR – 30% weighting

Relative TSR performance is assessed over a three-year period which will commence at the start of the financial year during which the PSRs are granted.

For any PSRs to vest pursuant to the Relative TSR vesting condition, Aristocrat's compound TSR must be equal to or greater than the median ranking of constituents of the Peer Comparator Group. The Peer Comparator Group, being constituents of the S&P/ ASX100 Index, defined at the commencement of the performance period.

The percentage of PSRs that may vest is determined based on the following vesting schedule:

Aristocrat's TSR ranking relative to Peer Comparator Group	PSRs subject to Relative TSR vesting condition that vest (%)
Below the median ranking	0%
At the median ranking	50%
Above the median ranking but below the 75th percentile	Between 50% and 100%, increasing on a straight line basis
At or above the 75th percentile	100%

The Board may adjust the TSR vesting conditions to ensure that an executive is neither advantaged nor disadvantaged by matters outside of management's control that affect achievement of the vesting conditions.

Relevant EPSA - 30% weighting

The Relevant EPSA vesting condition is measured by comparing Aristocrat's compound annual EPSA growth rate (CAGR) over a three-year performance period (1 October 2016 to 30 September 2019 in respect of LTI grants in FY2017) against the 'minimum' EPSA growth and the 'maximum' EPSA growth thresholds, as set by the Board at the beginning of this performance period.

Relevant EPSA performance will be measured using the most recent financial year-end prior to the award as the base year, and the final financial year in the three-year performance period as the end year.

The percentage of PSRs that may vest is determined based on the following vesting schedule:

Aristocrat's EPSA performance	% of vesting of PSRs
Less than the minimum EPSA growth threshold	0%
Equal to the minimum EPSA growth threshold	50%
Greater than the minimum EPSA growth threshold, up to the maximum EPSA growth threshold	Between 50% and 100%, increasing on a straight line basis
Greater than the maximum EPSA growth threshold	100%

The Board may adjust the Relevant EPSA vesting conditions to ensure that an executive is neither advantaged nor disadvantaged by matters outside of management's control that affect achievement of the vesting conditions.

As is our practice, the EPSA growth thresholds set by the Board for the performance period are disclosed in the Remuneration Report published in respect of the year in which the PSR vesting is tested.

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Service (time) based vesting conditions - 40% weighting

The service (time) based element of the LTI Plan will vest subject to the participant being employed by a member of the Group for the entire three-year performance period, and having maintained at least a "Meets Most" individual performance rating (Service/Time Based Conditions).

Why were these vesting conditions chosen?

Relative TSR

- Ensures alignment between comparative shareholder return and reward for the executive
- Provides relative, objective, external, market-based performance measure against those companies with which Aristocrat competes for capital, customers and talent
- Is widely understood and accepted by keystakeholders

Relevant EPSA

- Is a relevant indicator of increases in shareholder value
- Neutralises the tax effected amortisation expense of acquired intangibles (most notably VGT), which is a non-cash charge and not representative of underlying performance of the business and cash flow generation
- Is a target that provides a suitable line of sight to encourage executive performance

Service (Time) Based

- Aristocrat is one of a small group of ASX listed companies that derives the majority of its revenues from overseas markets and is genuinely global in its structure and operations. Aristocrat's senior leadership is predominantly US based, and the business must increasingly attract and retain leaders in the US market with technology and global management skillsets.
- A service based condition supports our LTI Plan being competitive to global and US peers who have elements of service based vesting (restricted stock).

Who assesses performance and when?

Relative TSR and Relevant EPSA results are calculated by Aristocrat and the external remuneration advisor tests these TSR results as soon as practicable after the end of the relevant performance period. The calculations are considered by the Board to determine vesting outcomes.

The vesting conditions are therefore tested only at the end of the performance period. There is no re-testing of vesting conditions.

Vesting

If PSRs vest, the Board has discretion to either issue new shares or to acquire shares on-market to satisfy the vestings.

Shares allocated on vesting of the PSRs are subject to the terms of Aristocrat's Share Trading Policy, and carry full dividend and voting rights upon allocation.

Are PSRs eligible for dividends?

Holders of LTI PSRs are not entitled to dividends until the PSRs have vested and converted into shares.

What happens if a Senior Executive leaves?

If a participant ceases employment during the first 12 months of the performance period then, regardless of the reason, any unvested PSRs lapse.

If a participant ceases employment after the first 12 months of the performance period, the Board has the express discretion to determine that some or all PSRs vest or lapse.

Where a participant acts fraudulently, dishonestly, joins a competitor or, in the Board's opinion, is in breach of obligations owed to Aristocrat, then any unvested PSRs will lapse and unallocated shares are forfeited.

What happens in the event of a change of control?

There is no automatic vesting of PSRs on a change of control. The Board will (in its discretion) determine the appropriate treatment regarding PSRs in the event of a change of control. Where the Board does not exercise this discretion, there will be a pro rata vesting of PSRs based on the proportion of the performance period that has passed at the time of the change of control event.

No transfer or hedging

PSRs granted under the plan are not transferable and participants are prohibited from entering into hedging arrangements in respect of unvested PSRs.

REMUNERATION REPORT

SECTION 4 REMUNERATION OUTCOMES IN FY2017 AND LINK TO BUSINESS STRATEGY AND GROUP PERFORMANCE

4.1 Senior Executive remuneration

Senior Executive remuneration outcomes disclosed in this Remuneration Report are linked and aligned to delivery of shareholder value over the short and longer term, rewarding the strong results delivered across the relevant STI and LTI performance periods (including in FY2017).

Remuneration strategy and link to business strategy and Group performance in connection with FY2017 remuneration outcomes

This Remuneration Report discloses the outcome of awards made under the 2015 LTI Grant, under which the following three vesting conditions apply:

- a Relative TSR vesting condition (30% weighting);
- a Relevant EPSA vesting condition (30% weighting); and
- Strategic Objectives (for Mr Odell, who was CEO at the time of the grant) and Service (Time) Based (for others) vesting condition (40% weighting).

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Table 3 below discloses remuneration outcomes in FY2017 and alignment to business strategy and Group performance

Business strategy and objectives...	Are reflected in LTI and STI performance measures...	So, Aristocrat's actual performance...	Directly affects remuneration outcomes
Financial performance	<p>STI performance measure of NPATA Measures profitability across the Group</p> <p>STI performance measure of FCF Measures free cash flow generated by the Group</p> <p>LTI performance measure of Relative TSR Measures the benefit delivered to shareholders over three years, including dividend payments and movement in the share price over and above a market benchmark</p> <p>LTI performance measure of Relevant EPS Measures profitability across the Group on a per share basis</p>	<p>EXCEEDED</p> <p>NPATA increasing by 36.5% to \$543.4 million (in reported currency) significantly exceeded STI target</p> <p>Achieved strong FCF of 129% of target</p> <p>Aristocrat achieved a TSR of 296.07% over the 2015 LTI grant performance period, 2nd its Peer Comparator Group and ranked at the 98.95th percentile</p> <p>Compounded EPS growth rate of 54.4% exceeded set targets</p> <p>Revenue increased by more than 15% in broadly flat markets to a new record level of above \$2.45b</p>	<p>Total LTI vesting outcome in FY2017 = 100% of target based on TSR and EPSA performance measures</p>
Grow recurring revenue base	<p>STI Individual performance rating Measures include sustainable growth in US Gaming Operations</p>	<p>EXCEEDED</p> <p>In excess of 50% of Group revenues now derive from recurring sources</p> <p>Digital revenues increased by 36.9% to \$383 million (in reported currency)</p> <p>Launch of multi app strategy, with successful new apps such as Cashman Casino</p> <p>Acquisition of Israeli-based social gaming company (Plarium Global Ltd), which significantly expands Aristocrat's addressable digital opportunity by around eight times – to around US\$25bn of value - and the proportion of Aristocrat's revenues that derive from recurring sources</p>	
Market share – continue momentum	<p>STI Individual performance rating Measures include sustainability of strong market position in Australia and growth in North American market share</p>	<p>EXCEEDED</p> <p>Market leading share maintained in ANZ and Asia Pacific with continued growth</p> <p>Strong growth in North American segment driven by significant expansion in premium gaming operations footprint and outright sales</p> <p>Continued share gains were achieved across broadly flat key markets and segments</p>	<p>CEO STI outcome in FY2017 = 170% of target</p>
Cost efficiencies	<p>STI Individual performance rating Measures include managing and improving cost efficiency as a proportion of revenue</p>	<p>MET</p> <p>Continued to increase ROI in both D&D and corporate expenses, and consolidation of suppliers driving efficiencies in supply chain</p>	
Product quality, product innovation and great game content	<p>STI Individual performance rating Measures include product quality and delivery and product innovation and great game content. Measures also include attracting, developing and retaining gaming design talent</p>	<p>EXCEEDED</p> <p>For the 2nd year running, Product Madness was awarded the prestigious 'Social Operator' of the year award 2016 at the eGaming Review Awards in London. EILERS Slot Survey Q2 2017 (July 2017):</p> <ul style="list-style-type: none"> - top performing premium leased game – Lightning Link – 5th quarter in a row, Buffalo 3rd (2 of top 3) - top performing casino owned games – Buffalo and Wonder Wheels (2 of top 3) - most anticipated games – Dragon Link <p>Aristocrat voted industry's top G2E supplier for the 4th year in a row.</p>	<p>Average STI outcome in FY2017 for other Executive KMP = 145% of target</p>
High performing People and Culture	<p>STI Individual performance rating Measures include development, retention and succession planning across all management levels and for creative talent</p>	<p>MET</p> <p>Year over year improvement in our global engagement survey results with both participation levels and overall results well above industry and global benchmarks</p> <p>Ongoing focus on developing leaders resulting in high levels of internal promotions including onto the Senior Leadership Team.</p> <p>Successful CEO transition</p> <p>Increased level of talent and capability across the Group, with focus on critical talent retention</p>	

REMUNERATION REPORT

4.2 Performance and remuneration outcomes in FY2017

2017 STI grant outcomes

172% of Group target STI was awarded in FY2017.



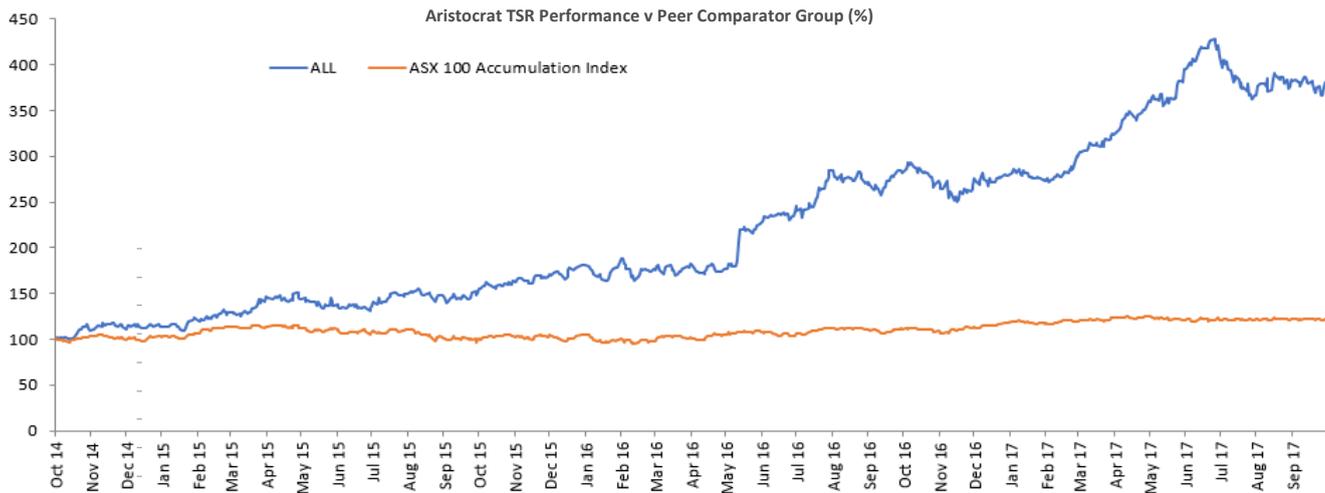
2015 LTI Grant vesting outcomes

This Remuneration Report discloses the outcome of the 2015 LTI Grant (tested over the three-year performance period ended 30 September 2017).

30 September 2017: Three-year performance period ends for 2015 LTI Grants. Performance is tested in November 2017 for Relative TSR and Relevant EPSA

Relative TSR (30% weighting)

Aristocrat's TSR performance versus that of the Peer Comparator Group over the 2015 LTI Grant performance period 1 October 2014 to 30 September 2017:



With a TSR performance of 296.07%, Aristocrat was the 2nd top performer (equivalent to 98.95th percentile) of its Peer Comparator Group.

100% of the PSRs linked to the Relative TSR measure vested



Relevant EPSA (30% weighting)

100% of the Relevant EPS component vested given that Aristocrat's actual EPSA CAGR across the consecutive three-year performance period was 54.4%. This growth was delivered through gain of market share achieved across broadly flat key markets and segments.

Relevant EPSA				
1 Oct 2014 to 30 Sept 2017	Threshold EPSA Target	Maximum EPS Target	Actual Outcome	Relevant EPS Achievement
3 year CAGR	7.5%	12.5%	54.4%	100%

100% of the PSRs linked to the Relevant EPSA measure vested



Service (Time) Based Condition (40% weighting): Executive KMP other than CEO

100% of PSRs linked to the Service based condition vested for those who remained employed over the entire three-year performance period and maintained a "Meets Most" or better performance rating.

Strategic Objectives Condition (40% weighting): CEO at the time of the grant: At

the time of grant, the Board agreed an aggressive growth strategy with the CEO and used key elements of this strategy to determine a selected number of CEO Strategic Objectives as a component of the CEO's 2015 LTI grant. See section 4.2 below for further disclosure on testing outcomes.



100% vesting of the total 2015 LTI Grant awards based on Relative TSR and Relevant EPSA performance measures

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Outcome of CEO Strategic Objectives Testing

At the time of grant, the Board set three defined categories of Strategic Objectives for the then CEO: (i) digital strategy and growth, (ii) Foundations for recurring revenue growth (including in the Class II market), and (iii) people and succession planning.

At the end of the 2015 LTI grant performance period the Board measured achievement of the Strategic Objectives condition based on a qualitative assessment of performance against these objectives during the three year LTI grant performance period.

80.47% of the Strategic Objectives component was eligible for testing given that Mr Odell ceased to be employed in February 2017 (before expiry of the performance period, which ended on 30 September 2017). 85% of the amount of the Strategic Objectives component that was eligible for testing vested given strong performance across all three of the abovementioned defined categories of Strategic Objectives.

4.3 Alignment between remuneration and Group performance

Numerous elements of Aristocrat's remuneration strategy and framework are directly linked to Group performance.

The table below sets out information about movements in shareholder wealth for the financial years ended 30 September 2013 to 30 September 2017, highlighting alignment between Aristocrat's remuneration strategy and framework and Group performance over the past 5 years.

Further details about the Group's performance over this period can be found in the Five-Year Summary contained in this Annual Report.

Table 4 Summary of movement in shareholder wealth

	12 months to 30 Sep 2017	12 months to 30 Sep 2016	12 months to 30 Sep 2015	12 months to 30 Sep 2014	12 months to 30 Sep 2013
Share price as at financial year-end (A\$)	21.00	15.81	8.61	5.84	4.62
Total dividends paid (cps)	34.0	25.0	17.0	16.0	14.5
EPS (fully diluted)/EPSA (fully diluted) (cps) ¹	77.5/85.0	54.9/62.4	30.1/37.1	22.8/23.1	19.4
TSR (%)	35%	87%	50%	30%	77%
Short-term cash incentives (% of Group target)	172%	176%	170%	110%	66%
LTI (% vesting) based on Relative TSR and Relevant EPSA performance measures	100%	100%	94%	30%	0%

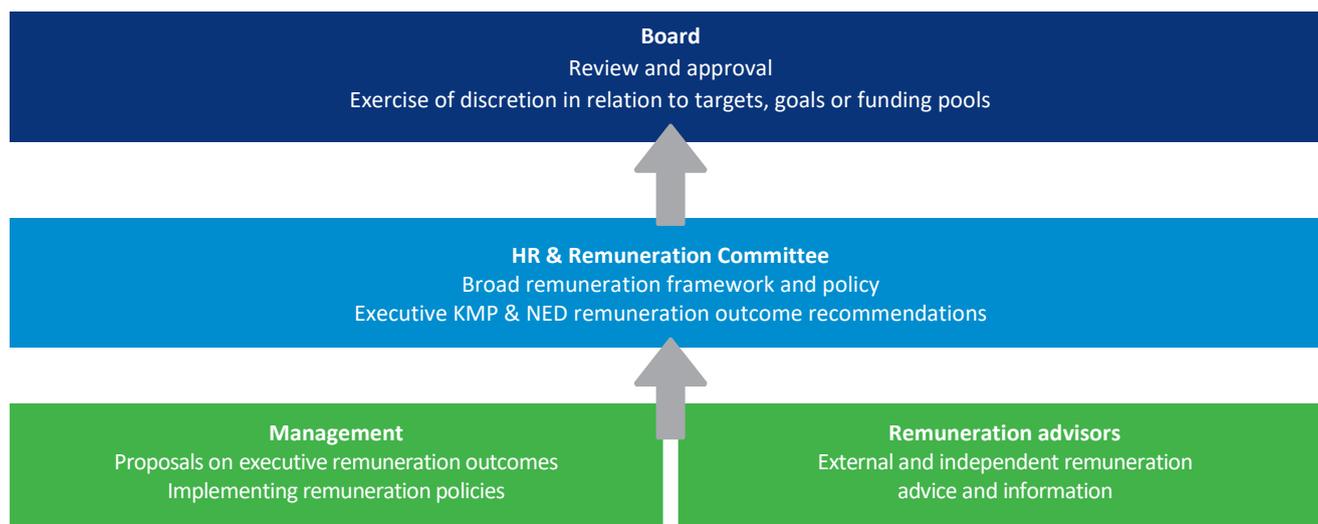
1. Excluding the effect of significant items which are not representative of the underlying operational performance of the Group.

REMUNERATION REPORT

SECTION 5 REMUNERATION GOVERNANCE

5.1 Overview

The following diagram represents Aristocrat's remuneration decision making structure.



Details of the composition and responsibilities of the Human Resources (HR) and Remuneration Committee are set out in the Corporate Governance Statement (and can be found at www.aristocrat.com).

5.2 Use of remuneration advisors

In making recommendations to the Board, the HR and Remuneration Committee seeks advice from external advisors from time to time to assist in its deliberations. The HR and Remuneration Committee appointed Ernst & Young (EY) as Aristocrat's 'Remuneration Consultant' for the purposes of the Corporations Act.

Remuneration advisors are engaged by the Chairperson of the HR and Remuneration Committee with an agreed set of protocols that determine the way in which remuneration recommendations would be developed and provided to the Board. This process is intended to ensure there can be no undue influence by Executive KMP to whom any recommendations may relate.

No remuneration recommendations, as defined by the Act, were made by the remuneration advisors during the Reporting Period.

REMUNERATION REPORT

5.3 Service agreements

The remuneration and other terms of employment for the Executive KMP are formalised in service agreements, which have no specified term. Each of these agreements provide for performance related bonuses under the STI program, and participation, where eligible, in the Group's LTI program. Other major provisions of the service agreements of the Executive KMP are as follows:

Table 5 Service agreements

	Notice to be given by Executive	Notice to be given by Group ¹	Termination payment	Post-employment restraint
CEO and Managing Director				
T Croker	6 months	12 months	12 months (fixed remuneration)	12 months
Other Executive KMP				
A Korsanos	6 months	6 months	12 months (fixed remuneration)	12 months
J Sevigny	2 months	-	12 months (fixed remuneration)	12 months

1. Payments may be made in lieu of notice period.

The key terms of Mr Odell and Mrs Sweeny's service agreements have been outlined in previous years' Remuneration Reports and are not restated here given their departures from the positions of CEO & Managing Director and Chief Operating Officer, respectively.

5.4 Key terms of JR Odell's arrangements relating to cessation of employment

Jamie Odell departed the business on 28 February 2017 after a remarkably successful eight-year tenure.

Mr Odell's termination entitlements were in accordance with those previously announced to the market. In particular:

- **Payment:** Mr Odell received \$1,655,412 as payment in connection with termination of his employment (inclusive of any payment in lieu of notice).
- **2017 STI:** Mr Odell remained eligible for a pro rata FY2017 STI award, meaning his total STI award in FY2017 was \$1,168,750. Mr Odell's STI outcome in FY2017 STI was 170% of target and he will consequently receive a cash payment of \$584,375, and \$584,375 will be deferred for up to 24 months in the form of PSRs.
- **2015 LTI grant:** 94% of Mr Odell's total 2015 LTI grant awards vested (on a pro rata basis, relative to the portion of the performance period he remained employed) as follows:
 - 100% of PSRs linked to the Relative TSR measure vested
 - 100% of PSRs linked to the Relevant EPSA measure vested
 - 85% of the Strategic Objectives component that was eligible for testing vested.
- **2016 LTI grant:** Mr Odell remains eligible for a pro rata portion of his unvested 2016 LTI grant (subject to testing in the normal course of Aristocrat's incentive process and in the same way as other participants).

Mr Odell was not granted an LTI award in FY2017.

As announced to the market on 27 February 2017, Mr Odell agreed a twelve-month consultancy arrangement with Aristocrat to support a smooth transition with an appropriate level of continuity.

5.5 Disclosures under Listing Rule 4.10.22

A total of 2,001,145 securities were acquired on-market by the Aristocrat Employee Equity Trust during the Reporting Period (at an average price per security of \$22.9185) to satisfy Aristocrat's obligations under various equity and related plans.

5.6 Share trading policy

Aristocrat's share trading policy prohibits the use of Derivatives (as defined in the policy) in relation to unvested equity instruments, including PSRs and vested securities which are subject to disposal restrictions. Derivatives may be used in relation to vested positions which are not subject to disposal restrictions, subject to compliance with the other provisions of the share trading policy.

Senior Executives are strictly prohibited from entering into a margin loan or similar funding arrangement to acquire Aristocrat's securities and from using Aristocrat securities as security for a margin loan or similar funding arrangements.

Breaches of Aristocrat's share trading policy are regarded very seriously and may lead to disciplinary action being taken (including termination of employment).

REMUNERATION REPORT

SECTION 6 NON-EXECUTIVE DIRECTOR REMUNERATION

Details of the Non-Executive Directors of Aristocrat during the Reporting Period are provided in the Directors' Report.

6.1 Overview of policy

The remuneration of the Non-Executive Directors is not linked to the performance of the Group in order to maintain their independence and impartiality. In setting fee levels, the HR and Remuneration Committee, which makes recommendations to the Board, obtains advice from an independent remuneration advisor and takes into account the demands and responsibilities associated with the

Directors' roles and the global scope and highly regulated environment in which the Group operates. The Board will continue to review its approach to Non-Executive Director remuneration to ensure it remains in line with high standards of corporate governance.

6.2 Components and details of Non-Executive Director remuneration

Non-Executive Directors receive a fixed fee (inclusive of superannuation and committee memberships) for services to the Board. The Chair of each committee receives an additional fee for that service.

Table 6 Non-Executive Director fees payable during the Reporting Period

Board fees per annum ¹	Amount (inclusive of all statutory superannuation obligations and committee service)
Chairman	\$460,000
Non-Executive Director	\$215,000
Lead US Director	Additional \$40,000
Committee Chair	Additional \$25,000

1. Fees paid to Australian-based Non-Executive Directors are paid in AUD. Fees paid to US-based Non-Executive Directors are paid in USD converted at a rate of A\$1 to US\$1. Inclusive of statutory superannuation obligations made on behalf of Australian-based Non-Executive Directors.

There were no increases in Board or Committee fees for the Reporting Period.

The regulatory requirements of the environment in which Aristocrat operates impose a considerable burden on the Non-Executive Directors and their families who are required to disclose detailed personal and financial information and submit to interviews, including in foreign jurisdictions. These requirements are taken into account in determining the fees payable to Non-Executive Directors.

Regard is also had to time commitments required of Non-Executive Directors in connection with the number of Board and Committee meetings that Non-Executive Directors attend each year.

Non-Executive Directors are entitled to be reimbursed for all reasonable business related expenses, including travel, as may be incurred in the discharge of their duties.

Aristocrat does not make sign-on payments to new Non-Executive Directors and the Board does not provide for retirement allowances for Non-Executive Directors.

Given the large amount of work undertaken by the Board during the Reporting Period, particularly in relation to the diligence, negotiation and execution of the Plarium acquisition and associated debt financing, it was determined that each Non-Executive Director will receive a fixed sum of A\$15,000 in addition to the fees noted above.

6.3 Aggregate fee pool approved by shareholders

Non-Executive Directors' fees (including committee fees) are set by the Board within the maximum aggregate amount of A\$2,750,000 approved by shareholders at the AGM in February 2016.

REMUNERATION REPORT

SECTION 7 STATUTORY REMUNERATION TABLES AND DATA

7.1 Details of Executive KMP remuneration

The following table reflects the accounting value of remuneration attributable to Executive KMP, derived from the various components of their remuneration. This does not necessarily reflect actual amounts paid to Executive KMP due to the conditional nature (for example, performance criteria) of some of these accrued amounts.

As required by the Accounting Standards, the table includes credits for PSRs which were forfeited during the year and the amortised value of PSRs that may vest in future reporting periods.

Table 7 Statutory Executive KMP remuneration table

Executive	Year	Short Term Benefits			Post-Employment Benefits		Long Term Benefits	Share-Based Payments ⁶		Total	% of Share Based
		Cash Salary ¹	Cash Bonuses ²	Non-Monetary Benefits ³	Superannuation	Termination ⁴	Long Service Leave ⁵	STI PSRs ⁷	LTI PSRs ⁸	TOTAL	%
CEO & Managing Director											
T Croker	2017	857,917	414,375	23,686	28,333	-	78,090	365,156	577,821	2,345,378	24.6%
	2016	557,000	330,000	103,303	30,000	-	9,303	315,000	382,218	1,726,824	22.1%
JR Odell	2017	673,836	584,375	36,107	13,665	1,655,412	11,146	1,821,875	706,070	5,502,486	12.8%
	2016	1,617,205	1,650,000	17,497	32,795	-	27,010	1,430,000	2,136,896	6,911,403	30.9%
Executive KMP											
A Korsanos	2017	797,740	572,000	7,797	19,760	800,000	33,769	700,583	381,511	3,313,160	11.5%
	2016	695,616	495,000	150	19,385	-	14,399	422,250	613,347	2,260,147	27.1%
M Sweeny ⁹	2017	282,880	-	-	-	812,018	-	(398,241)	(218,298)	478,359	(45.6%)
	2016	804,760	521,989	-	-	-	-	613,472	479,706	2,419,927	19.6%
J Sevigny	2017	742,185	288,956	-	-	-	-	372,178	413,454	1,816,773	22.8%
	2016	767,522	443,690	-	-	-	-	327,842	256,129	1,795,183	14.3%
Total	2017	3,354,558	1,859,706	67,590	61,758	3,267,430	123,005	2,861,551	1,860,558	13,456,156	13.8%
	2016	4,442,103	3,440,679	120,950	82,180	-	50,712	3,108,564	3,868,296	15,113,484	25.6%

1. Amounts shown as cash salary and fees include amounts sacrificed in lieu of other benefits at the discretion of the individual. To the extent that benefits are paid and subject to Fringe Benefits Tax (FBT), the above amount includes FBT.

2. Amounts reflect the non-deferred cash component of the 2017 STI incentives.

3. Non-monetary benefits include insurance and travel costs, relocation costs, expatriate related costs and associated FBT.

4. Termination payments reflect payments in connection with the termination of employment (inclusive of any payments in lieu of notice).

5. The amounts provided for by the Group during the financial year in relation to accruals for long service leave.

6. In accordance with the requirements of the Australian Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year. The fair value of equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual Executive KMP may ultimately realise should the equity instruments vest. An independent accounting valuation for each tranche of PSRs at their respective grant dates has been performed by EY. In undertaking the valuation of the PSRs, EY has used a TSR model and an EPSA model. These models are described below:

TSR model – EY uses the Monte-Carlo simulation-based model which incorporates the impact of performance hurdles and the vesting scale on the value of the PSRs. This pricing model takes into account factors such as the Company's share price at the date of grant, volatility of the underlying shares, the risk-free rate of return, expected dividend yield and the likelihood that vesting conditions will be met. The accounting valuation of rights issued is allocated equally over the vesting period.

EPSA model – The Binomial Tree model was used to determine the fair value of PSRs. This pricing model takes into account factors such as the Company's share price at the date of grant, the risk-free rate of return, expected dividend yield and time to maturity. The accounting valuation of rights issued is allocated over the vesting period so as to take into account the expected level of vesting over the performance period. For the purposes of remuneration packaging, the 'face value' (volume-weighted average price for the 5 trading days up to and including the day before the start of the performance period) is adopted for determining the total number of PSRs to be allocated as this valuation best reflects the fair value of PSRs to each executive at that time. The requirements of AASB 2 in relation to the treatment of non-market vesting conditions, such as earnings per share growth and share-based remuneration requiring shareholder approval, results in accounting expense and disclosures differing from the value allocated for the purposes of remuneration packaging.

7. A component of STI awards payable to Executive KMP will be satisfied by the grant of deferred share rights. Half will vest after one year, with the remainder vesting after two years, both subject to relevant forfeiture conditions. The accounting expense for STI share rights represents the expense attributable to the service period that has been completed for each deferred award. Therefore, the amounts reflected for the 12 months to 30 September 2017 include the accounting accruals attributable to deferred share rights pursuant to the 2015, 2016 and 2017 STI awards.

8. The share-based payments expense includes the impact of PSRs that were granted in previous years that are being expensed for accounting purposes over the vesting period, as well as the PSRs that were granted in the reporting period. Remuneration in the form of PSRs includes credits for the earnings per share (EPS) component of 2015 LTI grant forfeited during the period.

9. M Sweeny left the Company on 31 December 2016.

REMUNERATION REPORT

Table 8 Details of 2017 short term awards paid and deferred

For the 12 months ended 30 September 2017	Total Award ¹	Cash Payment ²	Deferred component ³	No. Share Rights vesting	No Share Rights vesting	Total award as % of target STI	% of total award deferred
	\$	\$	\$	1 Oct 2018 ³	1 Oct 2019 ³		
CEO & Managing Director							
T Croker	828,750	414,375	414,375	10,072	10,072	170%	50%
Other Executive KMP							
A Korsanos	1,144,000	572,000	572,000	13,904	13,904	160%	50%
J Sevigny	569,879	288,956	280,923	6,828	6,828	130%	50%
Former Executive KMP							
JR Odell	1,168,750	584,375	584,375	14,205	14,205	170%	50%
M Sweeny	-	-	-	-	-	-	-

1. Amounts reflect the value of the total 2017 awards. See footnotes 2 and 3 for an explanation of the cash and deferred components of the total award.

2. Amounts reflect the cash component of the 2017 awards paid to participants. Amounts in USD are translated at the average rate for the year.

3. Amounts reflect the value of 2017 awards deferred into PSRs. Part of the deferred component of awards will vest on 1 October 2018 and the remainder on 1 October 2019. The number of PSRs is determined using the five day VWAP up to and including 30 September 2017, being \$20.57. Amounts in USD are translated at the FX rate on the grant date.

Table 9 Details of LTI PSRs granted to Executive KMP, including their related parties, during the Reporting Period

Performance rights with a three-year performance period were granted during the Reporting Period as follows:

	Rights granted	Value of grant (\$)
T Croker	62,838	964,377
A Korsanos	42,416	650,962
J Sevigny	30,753	471,971

The fair value of the rights that were granted on 28 March 2017 are \$11.91 for rights with a total shareholder return condition and \$16.82 for rights with a service condition. The values shown in the above table represent the maximum value of the grants made. The minimum value is zero. The performance conditions for the grants are set out in Section 3.3.3.

REMUNERATION REPORT

Table 10 Details of the movement in numbers of LTI PSRs during the Reporting Period

	Balance at 1 October 2016	Granted during the year ¹	Vested ^{2,3}	Lapsed/ forfeited	Balance at 30 September 2017
T Croker	220,781	62,838	(116,304)	-	167,315
A Korsanos	326,142	42,416	(141,304)	-	227,254
J Seigny	98,361	30,753	-	-	129,114
JR Odell	1,127,148	-	(435,000)	-	692,148
M Sweeny	186,672	-	-	(122,704)	63,968

1. The value of the PSRs granted to Executive KMP during the year (including the aggregate value of PSRs granted) is set out in Table 9. No options were granted during the year to any Executive KMP.
2. The value of each PSR on the date of vesting is the closing price of the Company's shares on the ASX on the preceding trading day.
3. As shares are immediately allocated upon the vesting of PSRs, there will be no instances where PSRs are vested and exercisable, or vested but not yet exercisable.

7.2 Details of Non-Executive Director remuneration

Table 11 Details of Non-Executive Director remuneration for the Reporting Period

Directors	Year	Short Term Benefits		Post-Employment Benefits	Post-Employment Benefits	Share-Based Payments	TOTAL
		Cash Salary & Fees ¹	Fees for extra services ²	Superannuation ³	Retirement Benefits ⁴	Options and PSRs	\$
ID Blackburne	2017	428,334	15,000	31,666	-	-	475,000
	2016	436,769	-	23,231	-	-	460,000
RA Davis	2017	79,797	-	7,772	-	-	87,569
	2016	196,347	-	18,653	-	-	215,000
RV Dubs	2017	219,178	15,000	20,822	-	-	255,000
	2016	219,178	-	20,822	-	-	240,000
SW Morro	2017	334,742	15,000	-	-	-	349,742
	2016	345,684	-	-	-	-	345,684
DCP Banks	2017	219,178	15,000	20,822	-	-	255,000
	2016	219,178	-	20,822	-	-	240,000
KM Conlon	2017	219,178	15,000	20,822	-	-	255,000
	2016	219,178	-	20,822	-	-	240,000
A Tansey	2017	196,347	15,000	18,653	-	-	230,000
	2016	98,929	-	9,398	-	-	108,327
S Summers Couder	2017	298,422	15,000	-	-	-	313,422
	2016	28,088	-	-	-	-	28,088
PJ Ramsey	2017	282,237	15,000	-	-	-	297,237
	2016	-	-	-	-	-	-
Total	2017	2,277,413	120,000	120,557	-	-	2,517,970
	2016	1,763,351	-	113,748	-	-	1,877,099

1. Amounts shown as cash salary and fees include amounts sacrificed in lieu of other benefits at the discretion of the individual. To the extent that any non-monetary benefits are subject to Fringe Benefits Tax (FBT), amounts shown include FBT.
2. Given the large amount of work undertaken by the Board during the reporting period, particularly in relation to the diligence, negotiation and execution of the Plarium acquisition and associated debt financing, it was determined that each Non-Executive Director will receive a fixed sum of A\$15,000.
3. Superannuation contributions include amounts required to satisfy the Group's obligations under applicable Superannuation Guarantee legislation.
4. Non-Executive Directors are not entitled to any retirement benefit.

REMUNERATION REPORT

SECTION 8 SHAREHOLDINGS

8.1 Movement in shares

The number of shares (excluding those unvested under the STI Plan and the LTI Plan) in Aristocrat held during the year ended 30 September 2017 by each Non-Executive Director and Executive KMP, including their personally related entities, are set out below.

No amounts are unpaid on any of the shares issued. Where shares are held by the Director or Executive KMP and any entity under the joint or several controls of the Director or Executive KMP, they are shown as 'beneficially held'. Shares held by those who are defined by AASB 124 Related Party Disclosures as close members of the family of the Director or Executive KMP or are held through a nominee or custodian are shown as 'non-beneficially held'.

The following sets out details of the movement in shares in Aristocrat held by Non-Executive Directors or their related parties during the year:

Table 12 Details of Non-Executive Director shareholdings

		Non-Executive Directors			
	Type	Balance as at 1 October 2016	Performance shares vested	Other net changes during the year	Balance as at 30 September 2017
ID Blackburne	Beneficially held	-	-	-	-
	Non-beneficially held	137,851	-	-	137,851
DCP Banks	Beneficially held	-	-	-	-
	Non-beneficially held	30,851	-	-	30,851
KM Conlon	Beneficially held	-	-	-	-
	Non-beneficially held	10,514	-	-	10,514
RA Davis (retired on 27 February 2017)	Beneficially held	19,335	-	-	19,335
	Non-beneficially held	14,005	-	-	14,005
RV Dubs	Beneficially held	32,851	-	-	32,851
	Non-beneficially held	-	-	-	-
SW Morro	Beneficially held	-	-	-	-
	Non-beneficially held	35,000	-	5,000	40,000
P Ramsey	Beneficially held	19,360	-	-	19,360
	Non-beneficially held	-	-	-	-
AM Tansey	Beneficially held	-	-	-	-
	Non-beneficially held	-	-	1,570	1,570
S Summers Couder	Beneficially held	-	-	-	-
	Non-beneficially held	-	-	-	-

All equity instrument transactions between the Non-Executive Directors, including their related parties, and Aristocrat during the year have been on arm's length basis.

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The following sets out details of the movement in shares in Aristocrat held by Executive KMP or their related parties during the year:

Table 13 Details of Executive KMP shareholdings not held under an employee share plan

Executive Director and other Executive KMP					
	Type	Balance as at 1 October 2016	Performance shares vested	Other net changes during the year	Balance as at 30 September 2017
T Croker	Beneficially held	332,897	156,210	(225,000)	264,107
	Non-beneficially held	-	-	-	-
A Korsanos	Beneficially held	360,353	177,754	(35,000)	503,107
	Non-beneficially held	-	-	-	-
J Sevigny	Beneficially held	-	-	-	-
	Non-beneficially held	-	-	-	-
JR Odell	Beneficially held	1,404,505	560,298	(435,000)	1,529,803
	Non-beneficially held	-	-	-	-
M Sweeny	Beneficially held	32,263	16,729	-	48,992
	Non-beneficially held	-	-	-	-

Other than share-based payment compensation effected through an employee share plan, all equity instrument transactions between Executive KMP, including their related parties, and Aristocrat during the year have been on arm's length basis.

8.2 Loans with KMP

No KMP or their related parties held any loans from the Group during or at the end of the year ended 30 September 2017 or prior year.

REMUNERATION REPORT

SECTION 9 GLOSSARY

2015 LTI Grant	Awards made under the LTI Plan during FY2015 (in October 2014) with a three-year performance period 1 October 2014 to 30 September 2017
Aristocrat	Aristocrat Leisure Limited and (where applicable) the Group
Business Score	<p>For Executive KMP and employees in corporate functions - is the result that is based on the actual financial performance of Aristocrat in a financial year, calculated by reference to NPATA and FCF.</p> <p>For Employees in a region or business unit - is the result that is based 50% on the performance of Aristocrat (as above) and 50% on the regional performance, using EBIT in place of NPATA for both profit and FCF calculations</p>
Business Score Goals	Aristocrat's and individual business unit's/region's financial performance goals, approved by the Board at the start of the performance period, that need to be achieved under the STI Plan
Business Score Threshold	The minimum Business Score required to receive payment under the STI Plan (being 85% of the Business Score Goals)
EBIT	Earnings before interest and tax, on a normalised basis excluding significant items and results of discontinued operations as disclosed in the Operating and Financial Review section of the Annual Report
EPS	Fully diluted earnings per share, normalised for significant items and discontinued operations as disclosed in the Operating and Financial Review section of the Annual Report
EPSA	Fully diluted EPS before amortisation of acquired intangibles
Executive KMP	Those KMP who were also part of Aristocrat's Executive Steering Committee during the Reporting Period, being (i) T Croker (CEO and Managing Director – for part year – and Executive VP - Global Products and Insights – for part year), (ii) A Korsanos (Chief Financial Officer, Global Services and Company Secretary), (iii) J Sevigny (President, Video Gaming Technologies), (iv) JR Odell (former CEO and Managing Director – for part year), and (v) M Sweeny (former Chief Commercial Officer – for part year)
Face Value	The volume-weighted average price of Aristocrat shares for the 5 trading days up to and including the day before the start of the performance period
FCF	In the case of Executive KMP and employees in corporate functions, this is free cash flow (measured as operating cash flow according to the Operating and Financial Review net of capital expenditure on gaming machines). In the case of employees in a region or business unit, EBIT is used in place of NPATA for FCF calculations
KMP	Persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the activities of Aristocrat and the Group during the Reporting Period
LTI Plan	Aristocrat's long-term incentive plan
NPAT	Net profit after tax normalised for significant items and discontinued operations as disclosed in the Operating and Financial Review section of the Annual Report
NPATA	Net profit after tax before amortisation of acquired intangibles, normalised for significant items and discontinued operations as disclosed in the Operating and Financial Review section of the Annual Report
Peer Comparator Group	Constituents of the S&P/ASX100 Index, defined at the commencement of the performance period. For grants made during the Reporting Period, the entities comprising the Peer Comparator Group are the constituents of the S&P/ASX100 Index as at 1 October 2016

REMUNERATION REPORT

Relative TSR	Aristocrat's compounded TSR measured against the ranking of constituents of the Peer Comparator Group
Relevant EPS	Cumulative EPS over the performance period compared to a target set by the Board at the commencement of the performance period
Relevant EPSA	EPSA for the final financial year of the relevant performance period
Senior Executives	The group of senior executives consisting of: (i) the Executive KMP, and (ii) other members of Aristocrat's Executive Leadership Team (details of which can be found on www.aristocrat.com)
STI Plan	Aristocrat's short-term incentive plan
TSR	Total shareholder return measures the percentage growth in the share price together with the value of dividends received during the relevant three-year performance period, assuming all dividends are reinvested into new securities



Auditor's Independence Declaration

As lead auditor for the audit of Aristocrat Leisure Limited for the year ended 30 September 2017, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Aristocrat Leisure Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'MK Graham', written in a cursive style.

MK Graham
Partner
PricewaterhouseCoopers

Sydney
30 November 2017

Aristocrat



Aristocrat Leisure Limited ABN 44 002 818 368
Consolidated financial statements for the year ended 30 September 2017

Financial statements

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Statement of profit or loss and other comprehensive income for the year ended 30 September 2017

Consolidated	Note	2017 \$'m	2016 \$'m
Revenue	1-2	2,453.8	2,128.7
Cost of revenue		(967.6)	(872.7)
Gross profit		1,486.2	1,256.0
Other income	1-2	10.0	11.6
Design and development costs		(268.4)	(239.2)
Sales and marketing costs		(116.8)	(119.5)
General and administration costs	1-3	(320.2)	(301.5)
Finance costs		(62.7)	(100.2)
Profit before income tax expense		728.1	507.2
Income tax expense	1-4	(233.0)	(156.7)
Profit for the year		495.1	350.5
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange difference on translation of foreign operations	3-3	(30.8)	(92.5)
Net investment hedge	3-3	3.9	18.6
Changes in fair value of interest rate hedge	3-3	10.0	(5.7)
Other comprehensive loss for the year, net of tax		(16.9)	(79.6)
Total comprehensive income for the year		478.2	270.9
Earnings per share attributable to ordinary equity holders of the Company			
		Cents	Cents
Basic earnings per share	1-5	77.7	55.1
Diluted earnings per share	1-5	77.5	54.9

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Balance Sheet

as at 30 September 2017

Consolidated	Note	2017 \$'m	2016 \$'m
ASSETS			
Current assets			
Cash and cash equivalents		547.1	283.2
Trade and other receivables	2-1	512.3	432.9
Inventories	2-2	116.4	124.3
Financial assets	3-2	6.4	7.0
Current tax assets		12.8	27.7
Total current assets		1,195.0	875.1
Non-current assets			
Trade and other receivables	2-1	107.0	96.9
Financial assets	3-2	7.8	6.6
Property, plant and equipment	2-4	241.3	217.5
Intangible assets	2-3	1,687.7	1,736.5
Deferred tax assets	1-4	54.1	55.1
Total non-current assets		2,097.9	2,112.6
Total assets		3,292.9	2,987.7
LIABILITIES			
Current liabilities			
Trade and other payables	2-5	404.7	371.1
Borrowings	3-1	0.1	-
Current tax liabilities		148.7	81.8
Provisions	2-6	44.3	32.5
Financial liabilities	3-2	0.5	-
Deferred revenue		54.8	63.8
Total current liabilities		653.1	549.2
Non-current liabilities			
Trade and other payables	2-5	44.2	37.5
Borrowings	3-1	1,199.3	1,287.8
Provisions	2-6	13.8	13.4
Financial liabilities	3-2	0.9	10.8
Deferred tax liabilities	1-4	12.7	-
Deferred revenue		19.6	10.3
Other liabilities		3.7	3.2
Total non-current liabilities		1,294.2	1,363.0
Total liabilities		1,947.3	1,912.2
Net assets		1,345.6	1,075.5
EQUITY			
Contributed equity	3-4	715.1	693.8
Reserves	3-3	(116.8)	(55.7)
Retained earnings	3-3	747.3	437.4
Total equity		1,345.6	1,075.5

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity for the year ended 30 September 2017

Consolidated	Note	Contributed equity \$'m	Reserves \$'m	Retained earnings \$'m	Total equity \$'m
Balance at 1 October 2015		693.8	15.7	207.9	917.4
Profit for the year ended 30 September 2016		-	-	350.5	350.5
Other comprehensive income		-	(79.6)	-	(79.6)
Total comprehensive income for the year		-	(79.6)	350.5	270.9
Transactions with owners in their capacity as owners:					
Net movement in share-based payments reserve	3-3	-	8.2	-	8.2
Dividends provided for and paid		-	-	(121.0)	(121.0)
		-	8.2	(121.0)	(112.8)
Balance at 30 September 2016		693.8	(55.7)	437.4	1,075.5
Profit for the year ended 30 September 2017		-	-	495.1	495.1
Other comprehensive income		-	(16.9)	-	(16.9)
Total comprehensive income for the year		-	(16.9)	495.1	478.2
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	3-4	21.3	-	-	21.3
Net movement in share-based payments reserve	3-3	-	(44.2)	-	(44.2)
Dividends provided for and paid*	1-6	-	-	(185.2)	(185.2)
		21.3	(44.2)	(185.2)	(208.1)
Balance at 30 September 2017		715.1	(116.8)	747.3	1,345.6

*Payment of dividends relates to the 2016 final dividend and 2017 interim dividend.

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

Cash flow statement

for the year ended 30 September 2017

Consolidated	2017 \$'m	2016 \$'m
Cash flows from operating activities		
Receipts from customers	2,469.4	2,251.6
Payments to suppliers and employees	(1,499.7)	(1,420.1)
Other income	0.4	1.3
Interest received	8.1	9.1
Interest paid	(52.1)	(76.8)
Income tax paid	(127.0)	(84.6)
Net cash inflow from operating activities	799.1	680.5
Cash flows from investing activities		
Payments for property, plant and equipment	(123.9)	(182.5)
Proceeds from sale of property, plant and equipment	0.8	-
Payments for intangibles	(90.4)	(10.1)
Payment for acquisition of subsidiaries (net of cash acquired)	(23.0)	(30.2)
Proceeds from sale of subsidiaries (net of cash disposed)	-	13.5
Net cash outflow from investing activities	(236.5)	(209.3)
Cash flows from financing activities		
Payments for shares acquired by the employee share trust	(45.9)	(12.8)
Repayments of borrowings	(65.4)	(359.0)
Payments for loans advanced	-	(13.5)
Finance lease payments	(0.1)	(0.1)
Dividends paid	(185.2)	(121.0)
Net cash outflow from financing activities	(296.6)	(506.4)
Net increase/(decrease) in cash and cash equivalents	266.0	(35.2)
Cash and cash equivalents at the beginning of the year	283.2	332.7
Effects of exchange rate changes	(2.1)	(14.3)
Cash and cash equivalents at the end of the year	547.1	283.2

The above cash flow statement should be read in conjunction with the accompanying notes.

Reconciliation of net operating cash flows

Profit for the year	495.1	350.5
<i>Non-cash items</i>		
Depreciation and amortisation	220.0	208.9
Equity-settled share-based payments	16.1	19.3
Net loss on sale and impairment of property, plant and equipment	12.4	11.0
Net foreign currency exchange differences	(9.5)	(32.2)
Gain on sale of subsidiaries	-	(0.1)
Non-cash borrowing costs amortisation	4.6	13.0
Change in operating assets and liabilities:		
<i>(Increase)/decrease in assets</i>		
- Receivables and deferred revenue	(85.9)	49.0
- Inventories	(20.8)	(5.4)
- Other operating assets	(16.7)	(5.3)
<i>Increase/(decrease) in liabilities</i>		
- Payables	68.5	(2.5)
- Other provisions	12.3	3.0
- Tax balances	103.0	71.3
Net cash inflow from operating activities	799.1	680.5

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank overdrafts, deposits held at call with financial institutions and 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.

Notes to the financial statements

1. Business performance

This section provides the information that is most relevant to understanding the financial performance of the Group during the financial year.

Details on the primary operating assets used and liabilities incurred to support the Group's operating activities are set out in Section 2 while the Group's financing activities are outlined in Section 3.

1-1	Segment performance	1-4	Taxes
1-2	Revenues	1-5	Earnings per share
1-3	Expenses	1-6	Dividends

1-1 Segment performance

(a) Identification of reportable segments

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. The Group also operates within the online social gaming and real money wager markets.

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. Reports reviewed consider the business primarily from a geographical perspective. The following reportable segments have been identified:

- The Americas;
- Australia and New Zealand;
- Digital; and
- International Class III.

(b) Segment results

Segment results represent earnings before interest and tax, and before significant items, design and development expenditure, amortisation of acquired intangibles, selected intercompany charges and corporate costs.

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 profit or loss and other comprehensive income.

	The Americas		Australia and New Zealand		Digital		International Class III		Consolidated	
	\$'m		\$'m		\$'m		\$'m		\$'m	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue										
Revenue from external customers	1,424.5	1,255.2	431.6	412.7	383.0	279.7	214.7	181.1	2,453.8	2,128.7
Results										
Segment results	736.4	600.3	190.5	169.1	158.9	118.1	112.5	80.5	1,198.3	968.0
Interest revenue									9.6	10.3
Interest expense									(62.7)	(100.2)
Design and development costs									(268.4)	(239.2)
Amortisation of acquired intangibles									(76.9)	(76.3)
Other expenses									(71.8)	(55.4)
Profit before income tax expense									728.1	507.2
Income tax expense									(233.0)	(156.7)
Profit for the year									495.1	350.5
Other segment information										
Non-current assets other than financial and deferred tax assets	1,903.1	1,931.7	116.3	106.7	1.5	0.8	15.1	11.7	2,036.0	2,050.9
Depreciation and amortisation expense	111.3	107.4	13.3	17.1	0.4	0.3	4.5	3.5	129.5	128.3

Notes to the financial statements

Business performance (continued)

1-2 Revenues

Revenue	2017 \$'m	2016 \$'m
Sale of goods and related licences	1,076.0	910.5
Gaming operations, online and services	1,377.8	1,218.2
Total revenue	2,453.8	2,128.7
Other income		
Interest	9.6	10.3
Sundry income	0.4	1.3
Total other income	10.0	11.6

Interest income is recognised using the effective interest method.

Recognition and measurement

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.

Revenue type	Revenue stream	Recognition
Revenue from sale of goods and related licences	Machine sales	When significant risks and rewards have transferred, usually upon delivery of goods to the customer.
	Licence income	When all obligations in accordance with the agreement have been met, which may be at the time of sale or over the life of the agreement.
	Systems contracts	On installation of the system or customer acceptance if significant risk that customer will not accept the installed system.
	Multiple element arrangements	Recognised over the period that the obligations are satisfied. The fair values of each element are determined based on the current market price of each of the elements when sold separately. Where there is a discount on the arrangement, such discount is allocated proportionally between the elements.
Revenue from gaming operations, online and services	Participation revenue	Amount of revenue recognised monthly is calculated by either: - multiplying a daily fee by the total number of days the machine has been operating on the venue floor; or - an agreed fee based upon a percentage of turnover or the net win of participating machines.
	Rental income	Operating leases rental income is recognised on a straight line basis over the term of the lease contract. Selling profit on finance leases is recognised in accordance with machine sales. Finance income is recognised based on a constant periodic rate of return on the remaining balance of the finance lease investment.
	Service revenue	Recognised evenly over the period of the service agreement or as services are performed. Revenue received in advance on prepaid service contracts is included in deferred revenue.
	Online gaming revenue	Recognised when the player uses the credits purchased. Amounts not used at period end are included in deferred revenue.

Notes to the financial statements

Business performance (continued)

1-3 Expenses

	2017 \$'m	2016 \$'m
Depreciation and amortisation		
<i>Property, plant and equipment</i>		
- Buildings	4.9	0.9
- Plant and equipment	101.4	110.3
- Leasehold improvements	5.3	4.4
Total depreciation and amortisation of property, plant and equipment	111.6	115.6
<i>Intangible assets</i>		
- Customer relationships and contracts	43.1	44.5
- Game names	0.7	0.7
- Technology and software	37.4	31.4
- Intellectual property and licences	10.3	2.1
- Capitalised development costs	3.3	10.3
Total amortisation of intangible assets	94.8	89.0
Total depreciation and amortisation	206.4	204.6
Employee benefits expense		
Remuneration, bonuses and on-costs	393.9	355.6
Superannuation costs	13.9	12.4
Post-employment benefits other than superannuation	4.5	5.8
Share-based payments expense	16.1	19.3
Total employee benefits expense	428.4	393.1
Lease payments		
Rental expense relating to operating leases		
- Minimum lease payments	28.5	24.2
General and administration costs		
General and administration before amortisation of acquired intangibles	243.3	226.8
Amortisation of acquired intangibles included in general and administration costs	76.9	74.7
Total general and administration costs	320.2	301.5
Other expense items		
Write down of inventories to net realisable value	9.8	11.4
Legal costs	24.9	23.4
Net foreign exchange loss	5.0	1.0

Recognition and measurement

Lease payments

Payments made under operating leases (net of any incentives received from the lessor) are recognised in the profit or loss on a straight-line basis over the period of the lease. 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 rental obligation cost is charged to profit or loss over the lease period.

Finance and borrowing costs

Finance costs comprise interest expense on borrowings, the costs to establish financing facilities (which are expensed over the term of the facility) and finance lease interest charges.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in other payables in respect of employees' services up to the reporting date. The amounts are measured at the amounts expected to be paid when the liabilities are settled.

Long-term benefits

The liability for long service leave which is not expected to be settled within 12 months after the end of the period 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. 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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.

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.

Notes to the financial statements

Business performance (continued)

1-4 Taxes

	2017 \$'m	2016 \$'m
Major components of income tax expense are:		
(a) Income tax expense		
<i>Current</i>		
Current year	214.6	146.2
Adjustment for prior years	(9.4)	(9.4)
<i>Deferred</i>		
Temporary differences	20.4	13.6
Adjustment for prior years	7.4	6.3
Income tax expense	233.0	156.7
Deferred income tax expense included in income tax expense comprises:		
Decrease in net deferred tax assets	27.8	19.9
Deferred income tax expense included in income tax expense	27.8	19.9
(b) Tax reconciliation		
Profit before tax	728.1	507.2
Tax at the Australian tax rate of 30% (2016: 30%)	218.4	152.2
Impact of changes in tax rates and law	22.3	7.7
Exempt income	(26.6)	(7.2)
Non-deductible expenses	13.3	3.7
Research and development tax credit	(6.5)	(6.4)
Difference in overseas tax rates	14.1	9.8
Adjustment in respect of previous years income tax	(2.0)	(3.1)
Income tax expense	233.0	156.7
Average effective tax rate	32.0%	30.9%
(c) Amounts recognised directly in equity		
Net deferred tax - credited directly to equity	3.6	7.1
(d) Revenue and capital tax losses		
Unused gross tax losses for which no deferred tax asset has been recognised	1.0	1.0
Unused gross capital tax losses for which no deferred tax asset has been recognised	204.8	204.8
Revenue and capital tax losses	205.8	205.8
Potential tax benefit	61.7	61.7

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

Current taxes

The income tax expense for the year 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 and unused tax losses/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.

Notes to the financial statements

Business performance (continued)

1-4 Taxes (continued)

(e) Deferred tax	2017	2016
	\$'m	\$'m
Gross deferred tax assets		
Employee benefits	33.0	27.1
Accruals and other provisions	48.9	30.3
Provision for stock obsolescence	14.4	9.8
Financial liabilities	-	3.6
Share-based equity	3.5	6.8
Unrealised foreign exchange losses	1.7	3.0
Other	1.8	3.0
Gross deferred tax assets	103.3	83.6
Deferred tax liabilities:		
Financial liabilities	(4.3)	-
Plant, equipment and intangible assets	(57.6)	(28.5)
Net deferred tax assets	41.4	55.1
Movements		
Balance at the start of the year	55.1	81.2
Charged to profit or loss	(27.8)	(19.9)
Charged to other comprehensive income	-	(14.9)
Credited directly to equity	3.6	7.1
Tax losses utilised	-	(13.7)
Reclassification to current tax provision	10.6	16.6
Deferred tax assets on entity held for sale	-	(0.2)
Foreign exchange currency movements	(0.1)	(1.1)
Balance at the end of the year	41.4	55.1

Deferred taxes

Deferred tax is recognised for all taxable temporary differences and is calculated based on the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences relating to:

- initial recognition of goodwill;
- initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- investments in subsidiaries, where the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

Deferred tax is accounted for in respect of temporary differences arising from differences between the carrying amount of assets and liabilities and the corresponding tax base.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Group intends to settle its current tax assets and liabilities on a net basis.

Tax consolidation

The Company and its wholly-owned Australian controlled entities are part of a tax-consolidated group under Australian taxation law. Aristocrat Leisure Limited is the head entity in the tax-consolidated group. Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, Aristocrat Leisure Limited and each of the entities in the tax-consolidated group have agreed to pay (or receive) a tax equivalent payment to (or from) the head entity, based on the current tax liability or current tax asset of the entity. Each entity in the tax-consolidated group measures its current and deferred taxes as if it continued to be a separate taxable entity in its own right.

Key judgements and estimates: Income tax provision

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.

Notes to the financial statements

Business performance (continued)

1-5 Earnings per share

	2017	2016
Basic and diluted earnings per share (EPS) calculations		
Net profit attributable to members of Aristocrat Leisure Limited (\$'m)	495.1	350.5
Weighted average number of ordinary shares (WANOS) used in calculating basic EPS (number)	637,565,360	636,383,164
Effect of Performance Share Rights (number)	1,580,860	1,486,325
WANOS used in calculating diluted EPS (number)	639,146,220	637,869,489
Basic EPS (cents per share)	77.7	55.1
Diluted EPS (cents per share)	77.5	54.9

Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustments for the effects of all dilutive potential ordinary shares.

Information concerning the classification of securities

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. Details relating to the rights are set out in Note 5-2.

Included within the weighted average number of potential ordinary shares related to Performance Share Rights are 287,461 (2016: 380,902) Performance Share Rights that had lapsed during the year.

Share-based payments trust

Shares purchased on-market and issued shares 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 in calculating basic earnings per share. At the end of the reporting period, there were 2,083,839 (2016: 1,097,867) shares held in the share trust.

1-6 Dividends

Ordinary shares	2017	2017	2016	2016
	Final	Interim	Final	Interim
Dividend per share (cents)	20.0c	14.0c	15.0c	10.0c
Franking percentage (%)	100%	25%	0%	0%
Cost (\$'m)	127.7	89.6	95.6	63.7
Payment date	20 December 2017	3 July 2017	20 December 2016	1 July 2016

Franking credits

The franking account balance at 30 September 2017 is \$51.6m (2016: \$nil).

Recognition and measurement

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. The final 2017 dividend had not been declared at the reporting date and therefore is not reflected in the financial statements.

Dividends not recognised at year end

Since the end of the year, the Directors have recommended the payment of a final dividend of 20.0 cents (2016: 15.0 cents) per fully paid ordinary share, franked at 100%. The aggregate amount of the proposed final dividend expected to be paid on 20 December 2017 out of retained earnings at 30 September 2017, but not recognised as a liability at the end of the year is \$127.7m.

Notes to the financial statements

2. Operating assets and liabilities

This section provides information relating to the operating assets and liabilities of the Group which contribute to the business platform for generating revenues and profits.

2-1 Trade and other receivables	2-4 Property, plant and equipment
2-2 Inventories	2-5 Trade and other payables
2-3 Intangible assets	2-6 Provisions

2-1 Trade and other receivables

	2017 \$'m	2016 \$'m
Current		
Trade receivables	459.8	387.1
Provision for impairment	(17.8)	(14.7)
Loan receivables	2.6	3.3
Other receivables	67.7	57.2
Total current receivables	512.3	432.9
Non-current		
Trade receivables	60.9	55.2
Loan receivables	10.2	11.4
Other receivables	35.9	30.3
Total non-current receivables	107.0	96.9
Movements in the provision:		
At the start of the year	(14.7)	(13.3)
Provision recognised during the year	(3.9)	(4.5)
Foreign currency exchange differences	0.4	1.1
Provisions no longer required	0.4	2.0
At the end of the year	(17.8)	(14.7)

The above provision includes \$9.0m (2016: \$6.6m) of trade receivables past due and considered impaired. Included in the provision is \$10.9m (2016: \$7.7m) relating to Latin America trade receivables.

Trade receivables past due but not impaired

Under 3 months	61.9	41.3
3 months and over	0.6	1.7
Total receivables past due but not impaired	62.5	43.0

Trade receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less an allowance for impairment. Current trade receivables are non-interest bearing and generally have terms of up to 120 days.

Impairment of trade receivables

Collectability of trade receivables is reviewed on an ongoing basis. 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. Debts which are known to be uncollectible are written off by reducing the carrying amount directly.

Other receivables

These include prepayments, other receivables and long-term deposits incurred under normal terms and conditions and which do not earn interest. They do not contain impaired assets and are not past due.

Fair value

Due to their short-term nature, the carrying amount of current receivables are estimated to represent their fair value. Non-current receivables are carried at discounted carrying values which are estimated to represent their fair value.

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 are as follows:

	Minimum lease payments		Unearned finance income		Present value of minimum lease payments	
	\$'m		\$'m		\$'m	
	2017	2016	2017	2016	2017	2016
Current - Under one year	2.4	6.3	0.4	0.7	2.0	5.6
Non-current - Between one and five years	0.6	1.7	-	-	0.6	1.7
	3.0	8.0	0.4	0.7	2.6	7.3

Notes to the financial statements

Operating assets and liabilities (continued)

2-2 Inventories

	2017 \$'m	2016 \$'m
Current		
Raw materials and stores	96.6	109.5
Work in progress	10.6	9.8
Finished goods	32.2	21.0
Inventory in transit	1.7	9.3
Provision for obsolescence and impairment	(24.7)	(25.3)
Total inventories	116.4	124.3

Inventory expense

Inventories recognised as an expense during the year ended 30 September 2017 amounted to \$410.8m (2016: \$376.6m).

Recognition and measurement

Inventories are valued 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 to sell.

Key judgements and estimates: Carrying value of inventory

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
Operating assets and liabilities (continued)

2-3 Intangible assets

	Goodwill	Customer relationships and contracts	Tradenname and game names	Intellectual property and licences	Capitalised development costs	Technology and software	Total
\$'m							
Cost	996.2	643.2	26.9	36.3	24.5	196.2	1,923.3
Accumulated amortisation	-	(83.5)	(1.4)	(4.2)	(14.9)	(82.8)	(186.8)
Net carrying amount	996.2	559.7	25.5	32.1	9.6	113.4	1,736.5
Carrying amount at 1 October 2015	1,089.0	658.7	28.6	9.3	11.5	144.7	1,941.8
Additions	-	-	-	25.5	8.4	10.1	44.0
Transfers	-	-	-	-	-	(0.9)	(0.9)
Amortisation charge	-	(44.5)	(0.7)	(2.1)	(10.3)	(31.4)	(89.0)
Foreign currency exchange movements	(92.8)	(54.5)	(2.4)	(0.6)	-	(9.1)	(159.4)
Carrying amount at 30 September 2016	996.2	559.7	25.5	32.1	9.6	113.4	1,736.5
Cost	973.4	628.5	26.3	72.4	34.5	228.2	1,963.3
Accumulated amortisation	-	(123.5)	(2.1)	(14.1)	(18.3)	(117.6)	(275.6)
Net carrying amount	973.4	505.0	24.2	58.3	16.2	110.6	1,687.7
Carrying amount at 1 October 2016	996.2	559.7	25.5	32.1	9.6	113.4	1,736.5
Additions	-	-	-	38.5	9.9	36.5	84.9
Transfers	-	-	-	-	-	(0.2)	(0.2)
Amortisation charge	-	(43.1)	(0.7)	(10.3)	(3.3)	(37.4)	(94.8)
Foreign currency exchange movements	(22.8)	(11.6)	(0.6)	(2.0)	-	(1.7)	(38.7)
Carrying amount at 30 September 2017	973.4	505.0	24.2	58.3	16.2	110.6	1,687.7

Intangible assets	Useful life	Amortisation method	Recognition and measurement
Goodwill	Indefinite	Not amortised	Goodwill acquired in a business combination is measured at cost and subsequently measured at cost less any impairment losses. The cost represents the excess of the cost of a business combination over the fair value of the identifiable assets and liabilities acquired.
Technology and software	3 - 8 years	Straight line	Technology and software is carried at cost less accumulated amortisation and impairment losses. Technology and software acquired through a business combination is measured at the fair value at acquisition date and is subsequently amortised.
Customer relationships and contracts acquired	15 years	Straight line	Customer relationships and contracts acquired in a business combination are carried at cost less accumulated amortisation and any accumulated impairment losses.
Tradenname	Indefinite	Not amortised	The tradenname was acquired as part of a business combination and recognised at its fair value at the date of acquisition. It has an indefinite life so is not amortised, but rather tested for impairment at each reporting date. The factors that determined that this asset had an indefinite useful life included the history of the business and tradenname, the market position, stability of the industry and the expected usage.
Game names	15 years	Straight line	Game names were acquired as part of a business combination. Game names are recognised at their fair value at the date of acquisition and are subsequently amortised.
Intellectual property and licences	5 - 8 years	Straight line	Intellectual property and licences are carried at cost less accumulated amortisation and impairment losses.
Capitalised design and development costs	2 - 4 years	Straight line	Capitalised development costs are costs incurred on internal development projects. Development costs are only capitalised when they relate to the creation of an asset that can be used or sold to generate benefits and can be reliably measured.

Notes to the financial statements

Operating assets and liabilities (continued)

2-3 Intangible assets (continued)

(a) Impairment tests

Goodwill and other intangibles are allocated to the Group's cash-generating units (CGUs) for the purpose of impairment testing. A CGU is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

A summary of the goodwill allocation by CGU is presented below:	2017 \$'m	2016 \$'m
Americas (excluding VGT)	72.6	74.4
Product Madness (part of Digital segment)	22.8	23.3
VGT	878.0	898.5
Total goodwill at the end of the year	973.4	996.2

The VGT CGU also includes \$15.8m relating to a tradename that is not amortised, and is tested for impairment annually.

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

A discounted cash flow model 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:

Inputs	Assumptions		
Cash flow projections	Financial budgets and strategic plans approved by the Board to 2018 and management projections from 2019 to 2022. 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 have been taken into account in the projections.		
Pre-tax annual discount rate	Americas (excluding VGT) Product Madness VGT	2017 11.0% 13.3% 10.3%	2016 12.0% 15.2% 11.0%
Terminal growth rate	Americas (excluding VGT) Product Madness VGT	2017 2.0% 3.0% 2.0%	2016 3.0% 3.0% 2.0%
Allocation of head office assets	The Group's head office assets do not generate separate cash inflows and are utilised by more than one CGU. Head office assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the head office assets are allocated.		

(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 lead to a material impairment charge.

Key judgements and estimates: Recoverable amount of intangible assets

The Group tests annually whether goodwill and other intangible assets that are not amortised have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. The above note details these assumptions and the potential impact of changes to the assumptions.

Notes to the financial statements

Operating assets and liabilities (continued)

2-4 Property, plant and equipment

	Land and buildings		Leasehold improvements		Plant and equipment		Total	
	\$'m		\$'m		\$'m		\$'m	
	2017	2016	2017	2016	2017	2016	2017	2016
Cost	20.2	20.7	57.1	51.5	554.4	468.4	631.7	540.6
Accumulated depreciation/amortisation	(11.4)	(6.6)	(31.4)	(26.6)	(347.6)	(289.9)	(390.4)	(323.1)
Net carrying amount	8.8	14.1	25.7	24.9	206.8	178.5	241.3	217.5
Carrying amount at the start of the year	14.1	16.6	24.9	28.2	178.5	158.7	217.5	203.5
Additions	-	0.1	6.5	2.7	118.7	180.0	125.2	182.8
Disposals	-	-	-	(0.1)	(3.1)	(3.7)	(3.1)	(3.8)
Impairment losses	-	(0.5)	-	-	-	(6.6)	-	(7.1)
Transfers*	-	-	-	-	18.7	(23.4)	18.7	(23.4)
Depreciation and amortisation	(4.9)	(0.9)	(5.3)	(4.4)	(101.4)	(110.3)	(111.6)	(115.6)
Foreign currency exchange differences	(0.4)	(1.2)	(0.4)	(1.5)	(4.6)	(16.2)	(5.4)	(18.9)
Carrying amount at the end of the year	8.8	14.1	25.7	24.9	206.8	178.5	241.3	217.5

*Transfers predominantly relate to gaming operations assets that have been transferred to and from inventory.

Recognition and measurement

All property, plant and equipment are stated at historical cost less accumulated depreciation/amortisation and impairment.

The expected useful lives and depreciation and amortisation methods are listed below:

Asset	Useful life	Depreciation method
Buildings	25-40 years	Straight line
Leasehold improvements	2-10 years	Straight line
Plant and equipment	1-10 years	Straight line
Land	Indefinite	No depreciation

Derecognition

An item of property, plant and equipment is derecognised when it is sold or disposed, or when its use is expected to bring no future economic benefits. Gains and losses on disposals are determined by comparing disposal proceeds with the carrying amount of the asset and are recognised within 'other income' in the profit or loss in the period the disposal occurs.

2-5 Trade and other payables

	2017	2016
	\$'m	\$'m
Current		
Trade payables	130.5	104.9
Deferred consideration	-	22.8
Other payables	274.2	243.4
Total current payables	404.7	371.1
Non-current		
Deferred consideration	18.6	18.3
Other payables	25.6	19.2
Total non-current payables	44.2	37.5

Recognition and measurement

Trade payables and other payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and are usually paid within 30-120 days of recognition. Other payables include short-term employee benefits.

The carrying amounts of trade and other payable are estimated to represent their fair value.

Notes to the financial statements

Operating assets and liabilities (continued)

2-6 Provisions

	Employee benefits		Make good allowances		Progressive jackpot liabilities		Total	
	\$'m		\$'m		\$'m		\$'m	
	2017	2016	2017	2016	2017	2016	2017	2016
Current	12.5	11.5	0.4	0.2	31.4	20.8	44.3	32.5
Non-current	1.5	1.8	8.8	8.6	3.5	3.0	13.8	13.4
Carrying amount at the end of the year	14.0	13.3	9.2	8.8	34.9	23.8	58.1	45.9

Movements in provisions

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

	Make good allowances		Progressive jackpot liabilities	
	\$'m		\$'m	
	2017	2016	2017	2016
Carrying amount at the start of the year	8.8	8.7	23.8	21.8
Payments	-	-	(32.5)	(6.3)
Additional provisions recognised	0.6	0.6	44.0	10.2
Reversal of provisions recognised	-	(0.1)	-	-
Foreign currency exchange differences	(0.2)	(0.4)	(0.4)	(1.9)
Carrying amount at the end of the year	9.2	8.8	34.9	23.8

Recognition and measurement

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

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:

- an annuity paid out over 19 or 20 years after winning; or
- a lump sum amount equal to the present value of the progressive component.

Provision is made for the estimated cash flows expected to be required to settle the obligation based on a percentage of jackpot funded revenue.

Make good allowances

Provision is made for the estimated discounted cash flows expected to be required to satisfy the make good clauses in the lease contracts.

Notes to the financial statements

3. Capital and financial structure

This section provides information relating to the Group's capital structure and its exposure to financial risk, how they affect the Group's financial position and performance, and how the risks are managed.

The Directors review the Group's capital structure and dividend policy regularly and do so in the context of the Group's ability to invest in opportunities that grow the business, enhance shareholder value and continue as a going concern.

3-1 Borrowings	3-4 Contributed equity
3-2 Financial assets and financial liabilities	3-5 Net tangible assets per share
3-3 Reserves and retained earnings	3-6 Capital and financial risk management

3-1 Borrowings

	2017 \$'m	2016 \$'m
Current		
<i>Secured</i>		
Lease liabilities	0.1	-
Total current borrowings	0.1	-
Non-current		
<i>Secured</i>		
Bank loans	1,198.6	1,287.3
Lease liabilities	0.7	0.5
Total non-current borrowings	1,199.3	1,287.8

Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities are included as part of the carrying amount of the borrowings.

The fair value of borrowings approximates the carrying amount.

The carrying amounts of the Group's borrowings are denominated in USD.

For an analysis of the sensitivity of borrowings to interest rate and foreign exchange risk, refer to Note 3-6.

Financing arrangements

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

Credit standby arrangements	Notes	2017 \$'m		2016 \$'m	
		Total	Unused	Total	Unused
<i>Total facilities</i>					
- Bank overdrafts	(i)	7.6	7.6	7.6	7.6
- Bank loans	(ii)	1,298.6	100.0	1,387.3	100.0
Total facilities		1,306.2	107.6	1,394.9	107.6

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

(ii) Syndicated loan facilities:

- US\$950 million fully underwritten 7 year US Term Loan B debt facility maturing 20 October 2021.
- A\$100 million 5 year Revolving facility maturing 20 October 2019.

These facilities are provided by a syndicate of banks and financial institutions. These secured facilities are supported by guarantees from certain members of the Company's wholly owned subsidiaries and impose various affirmative and negative covenants on the Company, including restrictions on encumbrances, and customary events of default. As part of the corporate facility, the Group is subject to certain customary financial covenants measured on a six-monthly basis.

Borrowings are currently priced at a floating rate of LIBOR plus a fixed credit margin as specified in the Term Loan B Syndicated Facility Agreement. The credit margin was successfully renegotiated during 2017 on two separate occasions as part of overall pricing amendments effective from 3 March 2017 and 22 September 2017 respectively. A portion of the interest rate exposure has been fixed under separate interest rate swap arrangements.

Notes to the financial statements

Capital and financial structure (continued)

3-2 Financial assets and financial liabilities

	2017 \$'m	2016 \$'m
Financial assets		
Current		
Debt securities held-to-maturity	6.4	5.9
Derivatives used for hedging	-	1.1
Total current financial assets	6.4	7.0
Non-current		
Debt securities held-to-maturity	4.7	3.5
Other investments	3.1	3.1
Total non-current financial assets	7.8	6.6
Financial liabilities		
Current		
Derivatives used for hedging	0.5	-
Total current financial liabilities	0.5	-
Non-current		
Interest rate swap contracts - cash flow hedges	0.9	10.8
Total non-current financial liabilities	0.9	10.8

(a) Classification

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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in trade and other receivables in the balance sheet.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group 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.

(b) 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 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.

(c) Measurement

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

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.

Further information on financial assets and liabilities is disclosed in Note 3-6.

(d) 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.

All held-to-maturity investments are denominated in US dollars. Details regarding interest rate and foreign exchange risk exposure are disclosed in Note 3-6. There is no exposure to price risk as the investments will be held to maturity. The maximum exposure to credit risk at the reporting date is the carrying amount of the investments. None of the held-to-maturity investments are either past due or impaired.

Notes to the financial statements

Capital and financial structure (continued)

3-3 Reserves and retained earnings

	Retained earnings	Foreign currency translation reserve	Share-based payments reserve	Interest rate hedge reserve	Non-controlling interest reserve	Total reserves
\$'m						
Balance at 1 October 2015	207.9	62.8	(34.8)	(5.2)	(7.1)	15.7
Profit for the year	350.5	-	-	-	-	-
Currency translation differences	-	(92.5)	-	-	-	(92.5)
Net investment hedge	-	31.1	-	-	-	31.1
Deferred tax	-	(12.5)	-	(2.4)	-	(14.9)
Movement in fair value of interest rate hedges	-	-	-	(3.3)	-	(3.3)
Total comprehensive income/(loss) for the year	350.5	(73.9)	-	(5.7)	-	(79.6)
Transactions with owners in their capacity as owners						
Dividends paid or provided for	(121.0)	-	-	-	-	-
Share-based payments expense	-	-	19.3	-	-	19.3
Issues of shares to and purchases of shares by the Aristocrat Employee Share Trust	-	-	(12.8)	-	-	(12.8)
Share-based tax and other adjustments	-	-	1.7	-	-	1.7
Balance at 30 September 2016	437.4	(11.1)	(26.6)	(10.9)	(7.1)	(55.7)
Balance at 1 October 2016						
	437.4	(11.1)	(26.6)	(10.9)	(7.1)	(55.7)
Profit for the year	495.1	-	-	-	-	-
Currency translation differences	-	(30.8)	-	-	-	(30.8)
Net investment hedge	-	3.9	-	-	-	3.9
Movement in fair value of interest rate hedges	-	-	-	10.0	-	10.0
Total comprehensive income/(loss) for the year	495.1	(26.9)	-	10.0	-	(16.9)
Transactions with owners in their capacity as owners						
Dividends paid or provided for	(185.2)	-	-	-	-	-
Share-based payments expense	-	-	16.1	-	-	16.1
Issues of shares to and purchases of shares by the Aristocrat Employee Share Trust	-	-	(67.2)	-	-	(67.2)
Share-based tax and other adjustments	-	-	6.9	-	-	6.9
Balance at 30 September 2017	747.3	(38.0)	(70.8)	(0.9)	(7.1)	(116.8)

Nature and purpose of reserves:

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.

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, as well as purchases of shares by the Aristocrat Employee Share Trust.

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.

Non-controlling interest reserve

The non-controlling interest reserve is used to record transactions with non-controlling interests that do not result in the loss of control.

Notes to the financial statements

Capital and financial structure (continued)

3-4 Contributed equity

	Shares		\$'m	
	2017	2016	2017	2016
Ordinary shares, fully paid	638,544,150	637,119,632	715.1	693.8
Movements in ordinary share capital				
Ordinary shares at the beginning of the year	637,119,632	637,119,632	693.8	693.8
Shares issued during the year	1,424,518	-	21.3	-
Ordinary shares at the end of the financial year	638,544,150	637,119,632	715.1	693.8

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. Holders of ordinary shares are entitled to one vote per share at meetings of the Company.

Recognition and measurement

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. There is no current on-market buy back.

3-5 Net tangible assets/(liabilities) per share

	2017	2016
	\$	\$
Net tangible assets/(liabilities) per share	(0.54)	(1.04)

A large proportion of the Group's assets are intangible in nature, including goodwill and identifiable intangible assets relating to businesses acquired. These assets are excluded from the calculation of net tangible assets per share, which results in a negative amount.

Net assets per share at 30 September 2017 were \$2.11 (2016: \$1.69).

3-6 Capital and financial risk management

(a) Capital management

The Group's overall strategic capital management objective is to maintain a 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:

	2017	2016
Gross debt/bank EBITDA*	1.2x	1.6x
Net debt/(cash)/bank EBITDA*	0.6x	1.2x
Interest coverage ratio (bank EBITDA*/interest expense**)	19.1x	10.7x

* Bank EBITDA refers to Consolidated EBITDA for the Group as defined in Aristocrat's Syndicated Facility Agreement.

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

This section explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance.

(b) Financial risk management

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.

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.

Notes to the financial statements

Capital and financial structure (continued)

3-6 Capital and financial risk management (continued)

Risk	Exposure arising from	Measurement	Management
Market risk: Interest rate	Floating rate borrowings drawn under a Term Loan B facility	Sensitivity analysis	- Use of floating to fixed swaps; and - The mix between fixed and floating rate debt is reviewed on a regular basis under the Group Treasury policy.
Market risk: Foreign exchange	Future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency	Sensitivity analysis & cash flow forecasts	- The Group's foreign exchange hedging policy reduces the risk associated with transactional exposures; and - Unrealised gains/losses on outstanding foreign exchange contracts are taken to the profit or loss on a monthly basis.
Market risk: Price risk	The Group's exposure to commodity price risk is indirect and is not considered likely to be material	Nil	Nil
Credit risk	Cash and cash equivalents, trade and other receivables, derivative financial instruments and held-to-maturity investments	Ageing analysis & credit ratings	- Customers and suppliers are appropriately credit assessed per Group policies; - Derivative counterparties and cash transactions are limited to high credit quality financial institutions; and - All cash and cash equivalents are held with counterparties which are rated 'A' or higher.
Liquidity risk	Borrowings and other liabilities	Cash flow forecasts and debt covenants	- Maintaining sufficient cash and marketable securities; - Maintaining adequate amounts of committed credit facilities and the ability to close out market positions; and - Maintaining flexibility in funding by keeping committed credit lines available.

Hedge of net investment in foreign entity

In 2015, the Group entered into a Term Loan B amounting to US\$1,300.0m which was taken out to acquire an American subsidiary and is denominated in United States Dollars (US\$). At 30 September 2017, US\$130.0m of this loan, held within the Australian company has been designated as a hedge of the net investment in this American subsidiary. The fair value and carrying amount of the borrowing at 30 September 2017 was \$1,198.6m (2016: \$1,287.3m). The foreign exchange gain on translation of the borrowing to Australian dollars at the end of the reporting period is recognised in other comprehensive income and accumulated in the foreign currency translation reserve within shareholders equity (Note 3-3). There was no ineffectiveness to be recorded in the profit or loss from net investments in foreign entity hedges.

Summarised sensitivity analysis

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

	Carrying amount		Interest rate risk				Foreign exchange risk			
	\$'m		-1% Profit \$'m		+1% Profit \$'m		-10% Profit \$'m		+10% Profit \$'m	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Financial assets										
Cash and cash equivalents	547.1	283.2	(5.5)	(2.8)	5.5	2.8	0.4	0.6	(0.3)	(0.5)
Receivables	619.3	529.8	-	-	-	-	2.3	4.4	(1.9)	(3.6)
Debt securities held-to-maturity	11.1	9.4	(0.1)	(0.1)	0.1	0.1	-	-	-	-
Other investments	3.1	4.2	-	-	-	-	-	-	-	-
Financial liabilities										
Payables	448.9	408.6	-	-	-	-	(2.7)	(2.6)	2.2	2.1
Borrowings	1,199.4	1,287.8	12.1	1.3	(12.1)	(13.1)	-	-	-	-
Progressive jackpot liabilities	34.9	23.8	0.3	0.2	(0.3)	(0.2)	-	-	-	-
Other financial liabilities	1.4	10.8	-	-	-	-	-	-	-	-
Total increase/(decrease)			6.8	(1.4)	(6.8)	(10.4)	-	2.4	-	(2.0)

Notes to the financial statements

Capital and financial structure (continued)

3-6 Capital and financial risk management (continued)

Maturities of financial liabilities

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

(i) based on their contractual maturities:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of cash flows.

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

- 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.

Contractual maturities of financial liabilities	Less than 1 year		Between 1 to 5 years		Over 5 years		Total contractual cash flows		Carrying amount (assets)/liabilities	
	\$'m		\$'m		\$'m		\$'m		\$'m	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Non-derivatives										
Trade payables	130.5	104.9	-	-	-	-	130.5	104.9	130.5	104.9
Other payables	274.2	243.4	25.6	19.2	-	-	299.8	262.6	299.8	262.6
Deferred consideration	-	22.8	19.1	19.6	-	-	19.1	42.4	18.6	41.1
Borrowings	0.1	-	1,199.3	-	-	1,305.0	1,199.4	1,305.0	1,199.4	1,287.8
Borrowings - interest payments	39.6	46.2	120.4	185.4	-	2.5	160.0	234.1	-	-
Progressive jackpot liabilities	31.4	20.8	1.6	1.8	1.9	1.2	34.9	23.8	34.9	23.8
Total non-derivatives	475.8	438.1	1,366.0	226.0	1.9	1,308.7	1,843.7	1,972.8	1,683.2	1,720.2
Derivatives										
Net settled (interest rate swaps)	0.1	-	0.8	10.8	-	-	0.9	10.8	0.9	10.8
Gross settled (forward foreign exchange contracts)										
- (inflow)	(65.5)	(43.6)	-	-	-	-	(65.5)	(43.6)	-	(1.1)
- outflow	66.0	42.5	-	-	-	-	66.0	42.5	0.5	-
Total (inflow)/outflow	0.5	(1.1)	-	-	-	-	0.5	(1.1)	0.5	(1.1)
Total derivatives	0.6	(1.1)	0.8	10.8	-	-	1.4	9.7	1.4	9.7

(c) Foreign currency risk

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

	2017	2016
	\$'m	\$'m
US dollars	396.2	320.0
Australian dollars	191.2	156.0
Other ⁽¹⁾	31.9	53.8
Total carrying amount	619.3	529.8

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

	2017	2016
	\$'m	\$'m
US dollars	310.2	307.1
Australian dollars	124.5	90.8
Other ⁽¹⁾	14.2	10.7
Total carrying amount	448.9	408.6

(1) Other refers to a basket of currencies (including Euro and New Zealand Dollar).

(d) Credit risk

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer above 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:

	2017	2016
	\$'m	\$'m
Trade receivables with guarantees	12.7	13.0
Trade receivables without guarantees	490.2	414.6
Total trade receivables	502.9	427.6

Notes to the financial statements

Capital and financial structure (continued)

3-6 Capital and financial risk management (continued)

(e) 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 2017 on the net fair value of the Group's existing foreign exchange hedge contracts:

Currency pair	Weighted average exchange rate	Maturity profile ⁽¹⁾		Net fair value gain/(loss) ⁽²⁾ \$'m
		1 year or less \$'m	1 to 7 year(s) \$'m	
AUD/EUR	0.6658	21.2	-	(0.4)
AUD/USD	0.7849	38.2	-	(0.1)
AUD/NZD	1.0879	3.6	-	-
AUD/ZAR	10.1095	1.5	-	0.1
USD/MXN	20.0980	1.0	-	(0.1)
Total		65.5	-	(0.5)

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

(2) The net fair value of the derivatives above is included in receivables/(payables).

(f) Fair value measurements

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows below the table.

	Level 1 \$'m		Level 2 \$'m		Level 3 \$'m		Total \$'m	
	2017	2016	2017	2016	2017	2016	2017	2016
Assets								
Derivatives used for hedging	-	-	-	1.1	-	-	-	1.1
Total assets at the end of the year	-	-	-	1.1	-	-	-	1.1
Liabilities								
Interest rate swap contracts	-	-	0.9	10.8	-	-	0.9	10.8
Derivatives used for hedging	-	-	0.5	-	-	-	0.5	-
Total liabilities at the end of the year	-	-	1.4	10.8	-	-	1.4	10.8

Fair value hierarchy levels	Definition	Valuation technique
Level 1	The fair value is determined using the unadjusted quoted market price in an active market for similar assets or liabilities.	The Group did not have any Level 1 financial instruments at the end of the current and prior reporting periods. The quoted market price used for financial assets held by the Group is the current bid price.
Level 2	The fair value is calculated using predominantly observable market data other than unadjusted quoted prices for an identical asset or liability.	Derivatives used for hedging are valued using forward exchange rates at the balance sheet date.
Level 3	The fair value is calculated using inputs that are not based on observable market data.	The Group did not have any Level 3 financial instruments at the end of the current and prior reporting periods.

Notes to the financial statements

4. Group structure

This section explains significant aspects of the Group structure, including its controlled entities and how changes affect the Group structure. It provides information on business acquisitions and disposals made during the financial year and the impact they had on the Group's financial performance and position.

4-1 Business combinations

4-2 Subsidiaries

4-1 Business combinations

Business combination subsequent to reporting date

On 20 October 2017, the Group completed the acquisition of 100% of Plarium Global Limited. Plarium was a privately owned free-to-play mobile, social and web-based game developer headquartered in Herzliya, Israel.

The purchase consideration includes an upfront amount of US\$500m cash, subject to adjustments and an earn-out arrangement payable to Plarium shareholders following the end of calendar years 2017 and 2018 respectively. US\$425m debt was drawn under a new incremental Term Loan B facility to finance the transaction. The accounting for the acquisition is in progress. Acquisition related costs of \$2.8m were incurred during the year ended 30 September 2017.

Recognition and measurement

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value. Acquisition-related costs are expensed as incurred in the profit or loss.

4-2 Subsidiaries

The controlled entities of the Group listed below were wholly owned during the current and prior year, unless otherwise stated:

Region	Controlled entities	Country of incorporation
Australia and New Zealand	Aristocrat Technical Services Pty Ltd	Australia
	Aristocrat Properties Pty Ltd	Australia
	Aristocrat (Holdings) Pty Ltd	Australia
	Aristocrat Technologies Australia Pty Ltd	Australia
	ASSPA Pty Ltd	Australia
	Aristocrat Technology Gaming Systems Pty Limited	Australia
	System 7000 Pty Ltd	Australia
	Aristocrat Employee Equity Plan Trust	Australia
	Aristocrat International Pty Ltd	Australia
	Aristocrat Technologies NZ Limited	New Zealand
Americas	Aristocrat Technologies Mexico, S.A. DE C.V.	Mexico
	Aristocrat Service Mexico, S.A. DE C.V.	Mexico
	Aristocrat Technologies, Inc.	USA
	Aristocrat Funding Corporation Pty Ltd	Australia
	Aristocrat Technologies Canada, Inc.	Canada
	Product Madness Inc.	USA
	Video Gaming Technologies, Inc.	USA
	Aristocrat C.A.	Venezuela
	AI (Puerto Rico) Pty Limited	Australia
	Aristocrat (Latin America) Pty Ltd	Australia
Aristocrat (Argentina) Pty Limited	Australia	
Asia Pacific	Aristocrat (Asia) Pty Limited	Australia
	Aristocrat (Macau) Pty Limited	Australia
	Aristocrat (Philippines) Pty Limited	Australia
	Aristocrat (Singapore) Pty Limited	Australia
	Aristocrat (Cambodia) Pty Limited	Australia
	Aristocrat (Malaysia) Pty Limited	Australia
	Aristocrat Leisure Technology Development (Beijing) Co. Ltd	China
	Aristocrat Technologies India Private Ltd	India
	Aristocrat Technologies Hong Kong Limited*	Hong Kong
	Aristocrat Hanbai KK	Japan
Europe, Middle East and Africa	Aristocrat Leisure Cyprus Limited	Cyprus
	Aristocrat Gaming LLC*	Russia
	Aristocrat Technologies Europe (Holdings) Limited	UK
	ASSPA (UK) Limited	UK
	Aristocrat Technologies LLC*	Russia
	Product Madness (UK) Limited	UK
	Aristocrat Technologies Europe Limited	UK
	Aristocrat Technologies Spain S.L.	Spain
	Aristocrat Research & Development (Africa) Pty Ltd	South Africa
	Aristocrat Plarium Global Holdings Limited**	UK

*Ownership interest at 30 September 2017: 0% (2016: 100%)

**Ownership interest at 30 September 2017: 100% (2016: 0%)

Notes to the financial statements

5. Employee benefits

This section provides a breakdown of the various programs the Group uses to reward and recognise employees and key executives, including Key Management Personnel.

5-1 Key management personnel

5-2 Share-based payments

5-1 Key management personnel

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. During the year ended 30 September 2017, 5 Executive Directors and Senior Executives (2016: 5 Executive Directors and Senior Executives) were designated as key management personnel.

	2017 \$	2016 \$
Short-term employee benefits	7,679,267	9,767,083
Post-employment benefits	182,315	195,928
Long-term benefits	123,005	50,712
Termination benefits	3,267,430	-
Share-based payments	4,722,109	6,976,860
Key management personnel compensation	15,974,126	16,990,583

Detailed remuneration disclosures are provided in the remuneration report.

5-2 Share-based payments

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

Plan	Description	Shares outstanding at the end of the year
Performance share plan ("PSP")	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.	14 employees (2016: 19) were entitled to 1,663,201 rights (2016: 3,135,423).
Deferred equity employee plan	Certain eligible employees are offered incentives of 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. The shares outstanding at 30 September 2017 result from the meeting of performance criteria in the 2015 and 2016 financial years. These rights are subject to the respective employees remaining with the Group until October 2017 and October 2018.	1,140,739 (2016: 593,681)
Deferred short-term incentive plan	Upon the vesting of short-term incentives, Executives receive the incentives as 50% cash, with 50% deferred as Performance Share Rights. These share rights are expensed over the vesting periods, being two and three years.	529,603 (2016: 631,834)
General employee share plan ("GESP")	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. The number of shares issued to participants in the Plan is the offer amount divided by the weighted average price at which the Company's shares are traded on the Australian Securities Exchange during the five days immediately before the date of the offer.	Nil (2016: Nil)

Notes to the financial statements

Employee benefits (continued)

5-2 Share-based payments (continued)

(a) Share-based payments expense

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

	2017 \$'m	2016 \$'m
Performance Share Plan	3.7	5.3
General Employee Share Plan	0.5	0.5
Deferred Short-Term Incentive Plan	3.9	5.5
Deferred Equity Employee Plan	5.2	3.9
Other grants	2.8	4.1
	16.1	19.3

Recognition and measurement

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.

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 3-3.

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.

(b) Performance Share Plan ('PSP')

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 2017 and 30 September 2016 are as follows:

Performance Share Right series	Performance period start date	Performance period expiry date	Performance condition	Accounting valuation date	Accounting valuation (\$)
Issued 2017					
Series 32A			TSR		11.91
Series 32B	1 October 2016	30 September 2019	EPSG	28 March 2017	16.82
Series 32C			Service		16.82
Issued 2016					
Series 30A			TSR		7.16
Series 30B			EPSG		9.59
Series 30C	1 October 2015	30 September 2018	Strategic	3 March 2016	9.59
Series 31A			TSR		7.16
Series 31B			EPSG		9.59
Series 31C			Service		9.59

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 EY using Total Shareholder Return ('TSR'), Earnings Per Share Growth ('EPSG'), service condition and strategic objective condition models. Performance Share Rights with a market vesting condition (for example, TSR) incorporates the likelihood that the vesting condition will be met. The accounting valuation of Performance Share Rights with a non-market vesting condition (for example, EPSG) does not take into account the likelihood that the vesting condition will be met.

Notes to the financial statements

Employee benefits (continued)

5-2 Share-based payments (continued)

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

EY 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.

(ii) Earnings Per Share Growth ('EPSG') model, service condition and strategic objective condition

EY has utilised a Binomial Tree 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 2017 and year ended 30 September 2016 included:

Input	Consideration	
Share rights granted	Zero consideration and have a three year life.	
	2017	2016
Share price at grant date	\$17.75	\$10.21
Price volatility of Company's shares	25.0%	25.0%
Dividend yield	2.0%	2.3%
Risk-free interest rate	1.8%	1.9%

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

Notes to the financial statements
Employee benefits (continued)

5-2 Share-based payments (continued)

Performance Share Rights are detailed in the tables below:

Consolidated - 2017		Grant date	Performance period expiry date	Rights at start of year	New rights issues	Rights vested	Rights lapsed	Rights at end of year
Right series				Number	Number	Number	Number	Number
PSP								
Series 25A	20 February 2014	30 September 2016		130,500	-	(130,500)	-	-
Series 25B				304,500	-	(304,500)	-	-
Series 26A	1 October 2013	30 September 2016		248,353	-	(248,353)	-	-
Series 26B				579,492	-	(579,492)	-	-
Series 28A	1 October 2014	30 September 2017		188,563	-	-	(16,851)	171,712
Series 28B				188,564	-	-	(16,851)	171,713
Series 28C				234,341	-	-	(48,234)	186,107
Series 29A	27 February 2015	30 September 2017		122,867	-	-	(23,990)	98,877
Series 29B				122,867	-	-	(23,990)	98,877
Series 29C				163,822	-	-	(31,987)	131,835
Series 30A	3 March 2016	30 September 2018		84,778	-	-	(44,787)	39,991
Series 30B				84,778	-	-	(44,787)	39,991
Series 30C				113,036	-	-	(59,715)	53,321
Series 31A	3 March 2016	30 September 2018		170,691	-	-	(33,931)	136,760
Series 31B				170,691	-	-	(33,931)	136,760
Series 31C				227,580	-	-	(92,099)	135,481
Series 32A	28 March 2017	30 September 2019		-	87,438	-	(6,368)	81,070
Series 32B				-	87,438	-	(6,368)	81,070
Series 32C				-	116,604	-	(16,968)	99,636
				3,135,423	291,480	(1,262,845)	(500,857)	1,663,201

Consolidated - 2016		Grant date	Performance period expiry date	Rights at start of year	New rights issues	Rights vested	Rights lapsed	Rights at end of year
Right series				Number	Number	Number	Number	Number
PSP								
Series 22A	20 February 2013	30 September 2015		229,850	-	(229,850)	-	-
Series 22B				536,150	-	(493,254)	(42,896)	-
Series 23A	1 October 2012	30 September 2015		315,416	-	(315,416)	-	-
Series 23B				735,105	-	(676,305)	(58,800)	-
Series 25A	20 February 2014	30 September 2016		130,500	-	-	-	130,500
Series 25B				304,500	-	-	-	304,500
Series 26A	1 October 2013	30 September 2016		248,353	-	-	-	248,353
Series 26B				579,492	-	-	-	579,492
Series 28A	1 October 2014	30 September 2017		205,475	-	-	(16,912)	188,563
Series 28B				205,476	-	-	(16,912)	188,564
Series 28C				256,890	-	-	(22,549)	234,341
Series 29A	27 February 2015	30 September 2017		122,867	-	-	-	122,867
Series 29B				122,867	-	-	-	122,867
Series 29C				163,822	-	-	-	163,822
Series 30A	3 March 2016	30 September 2018		-	84,778	-	-	84,778
Series 30B				-	84,778	-	-	84,778
Series 30C				-	113,036	-	-	113,036
Series 31A	3 March 2016	30 September 2018		-	210,558	-	(39,867)	170,691
Series 31B				-	210,558	-	(39,867)	170,691
Series 31C				-	280,738	-	(53,158)	227,580
				4,156,763	984,446	(1,714,825)	(290,961)	3,135,423

Notes to the financial statements

6. Other disclosures

This section provides details on other required disclosures relating to the Group to comply with the accounting standards and other pronouncements.

6-1	Commitments and contingencies	6-5	Parent entity financial information
6-2	Events occurring after reporting date	6-6	Deed of cross guarantee
6-3	Remuneration of auditors	6-7	Basis of preparation
6-4	Related parties		

6-1 Commitments and contingencies

	2017 \$'m	2016 \$'m
(a) Commitments		
Capital commitments		
Capital expenditure contracted for at the reporting date but not recognised as liabilities:		
Intangible assets - Technology and software	-	0.4
Property, plant and equipment	0.1	0.5
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 are as follows:		
Under one year	26.7	21.2
Between one and five years	84.3	54.1
Over five years	81.4	13.5
Commitments not recognised in the financial statements	192.4	88.8
Sub-lease payments		
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	3.7	5.4

(b) Contingent liabilities

The Group and parent entity have contingent liabilities at 30 September 2017 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 may 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 there are no current claims likely to have a material adverse effect on the Group;

(iv) Aristocrat Leisure Limited, Aristocrat International Pty Ltd, Aristocrat Technologies Australia Pty Ltd, Aristocrat (Holdings) Pty Limited, 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 6-6; and

(v) a notice of action has been filed against a company in the Group by an individual in relation to the operation of its Dolphin Treasure electronic gaming machines in Australia. No damages are sought. Aristocrat has defended the action vigorously. The action went to trial in September 2017 and judgement is presently reserved.

Notes to the financial statements

Other disclosures (continued)

6-2 Events occurring after reporting date

On 20 October 2017, the Group completed the acquisition of 100% of Plarium Global Limited, for a total consideration of an upfront amount of US\$500m cash, subject to adjustments and an earn-out arrangement payable to Plarium shareholders following the end of calendar years 2017 and 2018 respectively. US\$425m debt was drawn under a new incremental Term Loan B facility to finance the transaction. Further information can be found in Note 4-1.

On 30 November 2017, the Group signed an agreement to acquire 100% of Big Fish Games Inc. from Churchill Downs Inc. for a purchase price of US\$990m subject to customary completion adjustments. The acquisition is subject to receiving regulatory approval, and will be funded by an incremental Term Loan B debt facility as well as cash holdings. The entity to be acquired operates as a publisher of social casino, casual free-to-play and premium paid games.

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.

Refer to Note 1-6 for information regarding dividends declared after reporting date.

6-3 Remuneration of auditors

During the year, the following fees were paid or payable to the auditor of the parent entity, PricewaterhouseCoopers and its related practices:

	2017	2016
	\$	\$
Audit or review of financial reports		
Australia	837,000	585,019
Overseas	1,489,500	1,307,230
Total remuneration for audit/review services	2,326,500	1,892,249
Other assurance services		
Overseas	789	-
Total remuneration for other assurance services	789	-
Total remuneration for assurance services	2,327,289	1,892,249
Advisory services		
Australia	1,784,441	5,000
Overseas	792,277	101,950
Total remuneration for advisory services	2,576,718	106,950

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important. These assignments are principally tax advice, due diligence on acquisitions, consulting, cyber reviews or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects.

6-4 Related parties

(a) Other transactions with key management personnel

There were no other related party transactions aside from disclosures under key management personnel. Refer to Note 5-1.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 4-2.

6-5 Parent entity financial information

(a) Summary financial information

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

	2017	2016
	\$'m	\$'m
Balance sheet		
Current assets	105.0	67.2
Total assets	984.4	742.8
Current liabilities	148.4	82.8
Total liabilities	148.4	82.8
Net assets	836.0	660.0
<i>Shareholders' equity</i>		
Contributed equity	715.1	693.8
Reserves	134.0	117.9
Accumulated losses	(13.1)	(151.7)
Total equity	836.0	660.0
Profit for the year after tax	323.8	102.8
Total comprehensive income after tax	323.8	102.8

(b) Guarantees entered into by the parent entity

Cross guarantees given by the parent entity are set out in Note 6-6.

(c) Contingent liabilities of the parent entity

Contingent liabilities of the parent entity are set out in Note 6-1.

Recognition and measurement

The financial information for the parent entity, Aristocrat Leisure Limited, disclosed above has been prepared on the same basis as the consolidated financial statements, except for investments in subsidiaries where they are accounted for at cost less impairment charges in the financial statements of Aristocrat Leisure Limited.

Notes to the financial statements

Other disclosures (continued)

6-6 Deed of cross guarantee

Pursuant to ASIC Corporations Instrument 2017/785, 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 Instrument 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 Instrument, 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 the statement of profit or loss and other comprehensive income of the Closed Group:

	2017 \$'m	2016 \$'m
Revenue	573.5	601.3
Other income from non-related parties	5.1	5.8
Other income from related parties	264.5	119.8
Cost of revenue and other expenses	(181.6)	(166.9)
Employee benefits expense	(163.7)	(148.6)
Finance costs	(10.6)	(23.0)
Depreciation and amortisation expense	(13.4)	(17.1)
Profit before income tax	473.8	371.3
Income tax expense	(139.3)	(102.4)
Profit for the year	334.5	268.9
Other comprehensive income		
Changes in fair value of interest rate hedge	1.9	(0.5)
Other comprehensive income/(loss) net of tax	1.9	(0.5)
Total comprehensive income for the year	336.4	268.4
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	157.6	9.8
Profit for the year	334.5	268.9
Dividends paid	(185.2)	(121.1)
Retained earnings at the end of the financial year	306.9	157.6

Notes to the financial statements

Other disclosures (continued)

6-6 Deed of cross guarantee (continued)

Set out below is the balance sheet of the Closed Group:

	2017 \$'m	2016 \$'m
Current assets		
Cash and cash equivalents	325.4	170.5
Trade and other receivables	153.6	130.0
Inventories	32.9	55.9
Total current assets	511.9	356.4
Non-current assets		
Trade and other receivables	95.6	53.7
Investments	705.0	705.3
Property, plant and equipment	13.2	14.1
Deferred tax assets	39.1	45.6
Intangible assets	47.6	38.5
Total non-current assets	900.5	857.2
Total assets	1,412.4	1,213.6
Current liabilities		
Trade and other payables	153.7	144.0
Current tax liabilities	147.4	81.8
Provisions	12.7	11.7
Deferred revenue and other liabilities	19.6	16.9
Total current liabilities	333.4	254.4
Non-current liabilities		
Trade and other payables	2.3	5.1
Borrowings	163.0	166.0
Provisions	6.5	6.4
Deferred revenue and other liabilities	17.7	8.6
Total non-current liabilities	189.5	186.1
Total liabilities	522.9	440.5
Net assets	889.5	773.1
Equity		
Contributed equity	715.1	693.8
Reserves	(132.5)	(78.3)
Retained earnings	306.9	157.6
Total equity	889.5	773.1

Notes to the financial statements

Other disclosures (continued)

6-7 Basis of preparation

Corporate information

Aristocrat Leisure Limited is a for-profit company incorporated and domiciled in Australia and limited by shares publicly traded on the Australian Securities Exchange. This financial report covers the financial statements for the consolidated entity consisting of Aristocrat Leisure Limited and its subsidiaries (together referred to as the Group). A description of the nature of the Group's operations and its principal activities is included in the Directors' Report and the Operating and Financial Review. The financial report was authorised for issue in accordance with a resolution of Directors on 30 November 2017.

The Group's registered office and principal place of business is:

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

The Group ensures that its corporate reporting is timely, complete and available globally. All press releases, financial statements, and other information are available in the investor information section of the Company's website: www.aristocrat.com

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the Corporations Act 2001. The report presents information on a historical cost basis, except for financial assets and liabilities (including derivative instruments), which have been measured at fair value and for classes of property, plant and equipment which have been measured at deemed cost. Amounts have been rounded off to the nearest whole number of million dollars and one decimal place representing hundreds of thousands of dollars, or in certain cases, the nearest dollar in accordance with the relief provided under the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 as issued by the Australian Securities and Investments Commission.

Policies have been applied consistently for all years presented, unless otherwise stated.

Comparative information is reclassified where appropriate to enhance comparability.

Principles of consolidation

The consolidated financial statements incorporate the financial statements of Aristocrat Leisure Limited (the Company) and its subsidiaries as at 30 September 2017.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

In preparing the consolidated financial statements, all intercompany balances, transactions and unrealised gains have been eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group has a trust to administer the Group's employee share scheme. This trust is consolidated as it is controlled by the Group.

Foreign currency

The consolidated financial statements are presented in Australian dollars. 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 results and financial position of foreign operations are translated into Australian dollars at the reporting date using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Income and expenses	Average exchange rate
Assets and liabilities	Reporting date
Equity	Historical date
Reserves	Historical date

Foreign exchange gains and losses resulting from translation are recognised in the statement of profit or loss, except for qualifying cash flow hedges which are deferred to equity.

Foreign exchange differences resulting from translation of foreign operations are initially recognised in the foreign currency translation reserve and subsequently transferred to the profit or loss on disposal of the foreign operation.

Notes to the financial statements

Other disclosures (continued)

6-7 Basis of preparation (continued)

New accounting standards and interpretations

A number of new accounting standards and interpretations have been published that are not mandatory for 30 September 2017 reporting periods and have not been early adopted by the Group. The status of the Group's assessment of the impact of these new standard and interpretations is set out below:

Reference	Description	Financial Year of Application by Aristocrat	Impact on the Group
AASB 9 Financial Instruments	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It also includes an expected loss impairment model and a reformed approach to hedge accounting.	2019	<p>The Group has reviewed AASB 9 to determine the impact of the new standard and to develop accounting policies that will be followed from FY2019.</p> <p>The Group has assessed the impact of the new 'expected loss model' whereby doubtful debts provisions will need to incorporate the risk that receivables will not be collected regardless of whether customers are making payments. Given that historical bad debts of the Group are relatively low, it is not expected that the doubtful debts provision will be materially different on transition to the new Standard.</p> <p>The Group does not expect the overall impact of the changes to be material.</p>
AASB 15 Revenue from Contracts with Customers	The new standard is based on the principle that revenue is recognised when control of goods or services transfers to the customer. The notion of control replaces the existing notion of risks and rewards. AASB 15 replaces existing revenue recognition standards including AASB 118 Revenue and AASB 111 Construction Contracts.	2019	<p>The assessment of impact to date has focused on the Group's main revenue streams by reviewing arrangements with customers to identify the impacts of the new standard and to develop an accounting policy to be followed from FY2019.</p> <p>Overall, the Group expects a low magnitude of impact on adoption of the new standard.</p>
AASB 16 Leases	AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee. The lease becomes an on-balance sheet liability that attracts interest, together with a new asset on the balance sheet.	2020	<p>Changes to the leases standard will impact the Group on leases of property, plant and equipment. By bringing operating leases on the balance sheet, there will be an increase in assets and a corresponding increase in liabilities. Furthermore, the Group will no longer recognise 'rent expense' in relation to operating leases, but rather depreciation expense on the right of use asset and interest expense on the lease liability. Note 6-1 provides information on operating lease commitments that are currently recorded off-balance sheet. On transition to the new standard these will be recognised on-balance sheet after discounting to present value.</p>

Directors' declaration

for the year ended 30 September 2017

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 3 to 36 are in accordance with the *Corporations Act 2001* including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 September 2017 and of its performance, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in Note 6-6 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 6-6.

Note 6-7 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given declarations by the Chief Executive Officer and Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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



I Blackburne
Chairman

Sydney
30 November 2017



Independent auditor's report

To the members of Aristocrat Leisure Limited

Report on the audit of the Financial Report

Our opinion

In our opinion:

The accompanying financial report of Aristocrat Leisure Limited (the Company) and its controlled entities (together, the Group) is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 September 2017 and of its financial performance for the year then ended
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group's financial report comprises:

- the balance sheet as at 30 September 2017
- the statement of profit and loss and comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the cash flow statement for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Aristocrat provides gaming solutions involving Class II and Class III gaming machines and casino management systems. Aristocrat also operates within the on-line social gaming and real money wager markets. The group is structured into Australia and New Zealand, The Americas, International Class III and Digital businesses. Key operations such as design & development and supply chain are structured on a global basis and managed from the head office in Sydney, Australia.



Materiality

- For the purpose of our audit we used overall Group materiality of \$35.9 million, which represents approximately 5% of the Group's profit before tax from continuing operations.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose the Group's profit before tax from continuing operations because, in our view, it is the metric against which the performance of the Group is most commonly measured and it is a generally accepted benchmark.
- We selected 5% based on our professional judgement noting that it is also within the range of commonly acceptable profit related thresholds.

Audit scope

- We conducted audit work over Australia and New Zealand and International Class III (excluding Europe) businesses. We engaged component audit teams to conduct audit work over The Americas, Digital and International Class III (for Europe) businesses under our instructions. On-going dialogue was held throughout the year between us and component audit teams including consideration of how component audit work was planned and executed.
- We visited Aristocrat offices in the following locations: Sydney, Nashville, Las Vegas, Uxbridge and the Sydney and Las Vegas integration facilities.
- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p><i>Refer to Note 1-2 Revenue \$2,454m</i></p> <p>A material proportion of the Group's total revenue is represented by sales of Class III gaming machines and casino management systems resulting from multi-element arrangements as described in the accounting policy note 1-2.</p> <p>Accounting for revenue from sales of Class III gaming machines and casino management systems is complex due to bespoke contractual arrangements with customers such as delayed settlement, delayed delivery and bundling of products.</p> <p>Where sales are made to distributors there is a risk that the contractual arrangements may not result in the transfer of inventory risk and that sales may not be recognised in the correct financial reporting period. This may potentially result in a material misstatement of the reported revenue for the financial year.</p> <p>For this reason, we have focused on revenue recognition of the bespoke contractual arrangements with the customers of Class III gaming machines and casino management systems.</p>	<p>We obtained an understanding of the systems, controls and processes associated with the recording of sales transactions. We identified, selected and tested contracts that had a higher risk of sales not being recognised in the correct period.</p> <p>Where delayed settlement terms were identified during our testing we re-calculated the Group's calculation of present value of the consideration and found it to be accurate for the sample of contracts we tested.</p> <p>Where delayed delivery was identified we considered whether the Group has transferred the inventory risk to the customer before the balance date of 30 September 2017 and found that they had in the sample of contracts we tested.</p> <p>Where bundling of different products was identified we compared the revenue allocation of the products sold in the sample of contracts to recent examples of sales of that product on a standalone basis. We found that the implied discounts had been appropriately allocated pro-rata across the products sold and had been recognised in the correct period for the sample we tested.</p> <p>For a sample of sales made to distributors we considered the commercial substance of the contractual arrangement and we tested to satisfy ourselves that inventory risks such as obsolescence had passed to the distributor such that the distributor was not acting as an agent of Aristocrat and that it was appropriate to recognise the revenue on delivery to the distributor rather than the end customer.</p>



Income taxes

Refer to Note 1-4 Taxes \$233m

The Group operates globally and is subject to tax regimes and tax legislation administered by separate tax authorities in a number of countries. Transfer pricing arrangements between different countries are a complex tax and accounting area. Judgement is involved in accounting for uncertain tax positions that had not been assessed by the relevant tax authorities at the date of this report.

The Group has recognised provisions for uncertain tax positions in relation to some of its international related party dealings.

Under the relevant legislation in certain territories some tax assessments remain open to challenge for an extended period. There is a risk that the position adopted by the Group could be challenged by tax authorities. This may potentially result in a material change in the accounting estimate.

We worked with our internal taxation experts to assess the Group's accounting for uncertain tax positions that existed at 30 September 2017 including considering possible alternate positions. We considered a number of matters, including:

- relevant correspondence with tax authorities
- relevant correspondence with the Group's tax advisors
- consistency of assumptions, in years where tax assessments were still open, to historically agreed positions with tax authorities
- relevant tax legislation.

We considered whether the accounting positions adopted for years open to amendment of assessment were calculated on a basis that was consistent with historically agreed positions with revenue authorities.



*Estimated recoverable amount of goodwill
– Video Gaming Technology Inc. (VGT)
Refer to Note 2-3 Intangible assets \$878m*

The total goodwill balance of \$973m is significantly greater than materiality. The largest proportion of the goodwill relates to the VGT business (\$878m). We focussed on the impairment testing relating to the VGT business goodwill recoverable amount because of the judgement involved in the assessment of potential impairment as at 30 September 2017.

The Group's impairment assessment includes assumptions about the forecasted future results of the VGT business, terminal growth rate, revenue forecasts and the discount rates applied to future cash flow forecasts in order to assess the impact on the valuation of goodwill.

Our audit procedures over VGT's goodwill (amongst others) are detailed below.

We evaluated and challenged the Group's cash flow forecasts and the process by which they were developed.

We compared these forecasts to the Board approved one year plan and the strategic 5 year forecast and found them to be consistent.

We compared previous forecasts to actual results, to assess the performance of the business and the accuracy of the Group's forecasting of future results.

We challenged:

- the terminal growth rate - comparing it to economic and industry forecasts
- the discount rate – assessing the costs of capital applied to the Group and comparable organisations, as well as considering territory specific factors.
- the installed base and win per unit assumptions including considering historical growth rates of the Group.

We tested the sensitivity of the calculations by varying the above mentioned key assumptions. We determined the impairment testing result was most sensitive to assumptions for revenue growth rates and discount rates.

We checked the valuation calculations used in the impairment testing for mathematical accuracy.

We also noted that the market capitalisation of the Group was significantly higher than the Group's net assets of \$1,346 million as at 30 September 2017 (which includes VGT's goodwill).



Other information

The directors of the Company are responsible for the other information. The other information comprises the Director's Report and Operating and Financial Review for the year ended 30 September 2017 (but does not include the financial report and our auditor's report thereon), which we obtained prior to the date of this auditor's report. We expect other information to be made available to us after the date of this auditor's report, including the 2017 Online Business Review and 2017 Corporate Governance Statement on the Group's website referenced from the 2017 Group's Annual Report and Company Profile and Key Dates, Nevada Information Statement, Five Year Summary, Shareholder Information and Corporate Directory included in the Group's annual report for the year ended 30 September 2017.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received as identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf



This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 26 to 47 of the directors' report for the year ended 30 September 2017.

In our opinion, the remuneration report of Aristocrat Leisure Limited for the year ended 30 September 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'MK Graham'.

MK Graham
Partner

Sydney
30 November 2017

A handwritten signature in cursive script that reads 'Scott Walsh'.

Scott Walsh
Partner

Sydney
30 November 2017