# ARISTOCRAT LEISURE LIMITED

## ABN 44 002 818 368

# 2011 HALF YEAR
# PROFIT ANNOUNCEMENT

# RESULTS TO BE RELEASED
# TO THE MARKET

HALF YEAR INFORMATION GIVEN TO THE ASX
UNDER LISTING RULE 4.2A

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

# 2011 HALF YEAR
# PROFIT ANNOUNCEMENT
# CONTENTS

# ARISTOCRAT LEISURE LIMITED

A.B.N. 44 002 818 368

# APPENDIX 4D

## Half-Year Report

## Half-year ended: 30 June 2011

Previous corresponding period: 30 June 2010

## Results for announcement to the market

| Statutory results | | | | June 2011 $'000 |
|---|---|---|---|---|
| Revenue from ordinary activities | down | -8.8% | to | 310,642 |
| Profit from ordinary activities after tax | down | -49.1% | to | 25,212 |
| Profit for the period attributable to members | down | -49.5% | to | 24,860 |

### Dividends

| | Amount per security | Franked amount per security | Record date for determining entitlements to dividends |
|---|---|---|---|
| **Current year – 2011:** | | | |
| - Interim dividend | 2.5c | 0.0c | 6 September 2011 |
| **Previous year – 2010:** | | | |
| - Interim dividend | 3.5c | 0.0c | 9 September 2010 |
| - Final dividend | 1.5c | 0.0c | 7 March 2011 |

### Dividend Reinvestment Plan (DRP)

The directors have determined that the Aristocrat Leisure Limited Dividend Reinvestment Plan will remain active in respect of the 2011 interim dividend (for shareholders resident in Australia and New Zealand). The DRP participants will be issued shares which will rank equally with existing shares on issue. In accordance with the DRP rules, the DRP issue price will be calculated by reference to the arithmetic average of the daily VWAPs over a period of ten days commencing on 7 September 2011. A 2.5% discount is applicable, and the number of ordinary shares DRP participants will receive will be rounded up to the nearest share.

Any shareholder who wishes to participate in the DRP or to change their current application in the DRP must lodge an application or variation notice on or before 6 September 2011 to the Company's share registry, Boardroom Pty Limited (Formerly Registries Limited).

### Net tangible assets

| | June 2011 | June 2010 |
|---|---|---|
| Net tangible assets per security | $ 0.17 | $ 0.15 |

For further explanation of the above figures please refer to the Directors' report, media release and market presentations. Other financial information required by the Appendix 4D is contained in the financial statements.

# Review of operations
# for the half-year ended 30 June 2011
# Aristocrat Leisure Limited
# ABN 44 002 818 368

## Summary

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

| $ million | Constant currency** HY 2011 | HY 2011 | HY 2010 | Variance vs HY 2010 Constant currency** % | Variance vs HY 2010 Reported % |
|---|---|---|---|---|---|
| **Normalised results*** | | | | | |
| Total revenue from ordinary activities | 353.4 | 312.7 | 340.5 | 3.8% | (8.2)% |
| Earnings before interest, tax and D&D costs | 104.0 | 90.4 | 104.5 | (0.5)% | (13.5)% |
| Earnings before interest and tax ("EBIT") | 48.1 | 38.9 | 49.6 | (3.0)% | (21.6)% |
| Profit after tax | 32.1 | 25.2 | 36.8 | (12.8)% | (31.5)% |
| Profit after tax and non-controlling interest | 31.7 | 24.9 | 36.6 | (13.4)% | (32.0)% |
| Earnings per share (fully diluted) | 5.9c | 4.6c | 6.9c | (14.5)% | (33.3)% |
| Total dividend per share | 2.5c | 2.5c | 3.5c | (28.6)% | (28.6)% |
| **Reported results** | | | | | |
| Profit after tax and non-controlling interest | 31.7 | 24.9 | 49.3 | (35.7)% | (49.5)% |
| **Balance sheet / cashflow** | | | | | |
| Net working capital / revenue | 21.9% | 23.3% | 15.5% | 6.4pts | 7.8pts |
| Operating cash flow * | 18.3 | 15.0 | 57.2 | (68.0)% | (73.8)% |
| Cash flow per share (fully diluted) * | 3.4c | 2.8c | 10.7c | (68.2)% | (73.8)% |
| Closing net debt | 289.9 | 293.2 | 49.0 | (491.6)% | (498.4)% |

* Before the net impact of abnormal and one-off items that are not representative of the underlying operational performance of the Group. Refer page 6.

** First half 2011 result adjusted for translational exchange rates using rates applying in the first half of 2010.

The Group reported a normalised profit after tax and non-controlling interest of $24.9 million, representing a 32.0% decline compared with the prior corresponding period's result of $36.6 million. In constant currency terms, the half-year result declined 13.4% compared with the prior period. The decline in normalised profit after tax of $11.7 million can be primarily attributed to an increase in net interest charges of $8.8 million, unfavourable foreign exchange movements on foreign earnings of $6.8 million, partially offset by a reduction in income tax expense of $5.0 million. The reduction in income tax expense has been primarily driven by the recognition of prior year tax adjustments relating to research and development.

Reported fully diluted normalised operating earnings per share of 4.6 cents represent a 33.3% decline on the prior period (14.5% decline on a constant currency basis).

Operational performance across the Group (earnings before interest and tax) declined 21.6% in reported terms, however in constant currency, the decline was marginal at 3.0%. Underlying operating performance across the global portfolio was maintained despite the significant Singapore casino openings in the prior corresponding period.

Operational performance by region is summarised below:

*North America:* Revenue declined by 8.9% to US$145.5 million in local currency and profit was down 21.1% to US$52.7 million. Performance continues to be constrained by challenging market and operator trading conditions. There was no notable change in the market replacement cycle over the first half of 2011 and market expansion activity continued to decline. A higher proportion of second hand product sales and customer mix adversely impacted margins. Importantly, ship share gains achieved in 2010 have been maintained. Contribution from gaming operations was down on the previous half-year, as the business cycles out of legacy product, but the performance from new games launched during the half is very encouraging increasing the average fee per day from US$38.53, the average for the full year 2010, to US$39.30. Also encouraging, influenced by new game releases, the gaming operations install base increased 4.4% since December 2010.

*Australia:* Revenue increased by 5.5% to $73.4 million and profit increased 102.5% to $23.9 million. Performance improved significantly this period. Revenues, average selling price and margins all increased on the back of the *Viridian WS*™ launch in New South Wales (NSW), Queensland (QLD), Victoria (VIC), Tasmania (TAS) and Northern Territory (NT). Performance from key games releases, *Phantom*™ in NSW and *Jaws*™ in QLD, is very strong with momentum in *Viridian W*S™ sales increasing throughout the second quarter as the library of available games grew.

*Japan:* Revenue increased by 107.4% in local currency and a loss for the period was a 9.7% improvement on the prior corresponding period. Despite difficult conditions brought about by natural disasters in the region the business delivered a result ahead of the previous half. Revenues increased reflecting the benefits of releasing licensed content albeit at modest volumes. Sales volumes were restricted due to supply constraints as a result of the natural disasters and the planned decommissioning of the FUGA cabinet.

*Rest of World:* Revenue increased by 19.7%, in constant currency terms, to $97.3 million and profit increased 9.8% to $30.3 million. Strong revenue growth in Aristocrat Lotteries Europe, South Africa and New Zealand was offset by challenging market conditions in the European casino market. Performance in Asia Pacific was strong, capturing a record share of a new casino opening in Macau, although down on the prior corresponding period influenced by the significant opening of the Singapore casinos. Aristocrat Lotteries Europe revenues increased significantly as the video lottery terminals (VLTs) roll out continued in Italy. The early performance of the system and Aristocrat games has been very encouraging. In Latin America, revenue, in local currency terms, increased due to a shift to new *Viridian*™ product from rebuild sales.

Overall, two years into the Group's transformation program, operational progress is visible from the output of new product delivered to key markets:

1. North America
   - Growth in gaming operations install base and fee per day (FPD) compared to December 2010 with strategy product delivering stronger FPD
   - Ship share maintained on the back of continued *Viridian WS*™ penetration and new and improved game content
   - Continued growth in *OASIS*™ customer base
   - *Viridian WS*™ Stepper launch on track for the second half

2. Australia
   - *Viridian WS*™ launched across Australian jurisdictions
   - Improved game content performance
   - Significant growth in average selling price and margins
   - The business has commenced rebuilding ship share

3. Japan
    - Stronger game performance in first half with *Pro Golfer Saru*™ achieving the best floor performance in the market, the business' best performing game over the last 3 years
    - Cost base reduced and new talent hired
    - New cabinet launch on track for the second half

4. ROW
    - Record share secured at the Galaxy Macau casino opening at circa 70%
    - Aristocrat Lotteries Europe expansion into the Italian VLT market progressing with a total of 3,000 units secured
    - Online content placed
    - Global *Viridian WS*™ launch commenced in the first half

No abnormal items are included in results for the current period. The prior corresponding period included a net abnormal profit after tax of $12.7 million comprised of profit recognised on the disposal of the Group's investment in Elektronček.

## Profit and loss

Analysis throughout this section refers to results reported on a normalised management basis prior to recognising transactions/adjustments taken during the respective reporting period which are considered abnormal on the basis that they are not representative of the underlying operational performance of the Group and are non-recurring in nature.

### Summary P&L

| $ million | HY 2011 | HY 2010 | Var % |
|---|---|---|---|
| **Segment revenue** | | | |
| Australia | 73.4 | 69.6 | 5.5% |
| North America | 138.4 | 181.3 | (23.7)% |
| Japan | 16.0 | 8.3 | 92.8% |
| Rest of World | 84.9 | 81.3 | 4.4% |
| **Total segment revenue** | **312.7** | **340.5** | **(8.2)%** |
| **Segment profit** | | | |
| Australia | 23.9 | 11.8 | 102.5% |
| North America | 49.6 | 76.3 | (35.0)% |
| Japan | (2.0) | (2.5) | 20.0% |
| Rest of World | 26.6 | 27.6 | (3.6)% |
| **Total segment profit** | **98.1** | **113.2** | **(13.3)%** |
| **Unallocated expenses** | | | |
| Group D&D expense | (51.5) | (54.9) | 6.2% |
| Foreign exchange | (0.1) | (0.5) | 80.0% |
| Corporate | (7.6) | (7.6) | 0.0% |
| Share of losses - Elektronček | - | (0.6) | 100.0% |
| **Total unallocated expenses** | **(59.2)** | **(63.6)** | **6.9%** |
| **EBIT** | **38.9** | **49.6** | **(21.6)%** |
| Interest | (12.9) | (1.2) | (975.0)% |
| **Profit before tax** | **26.0** | **48.4** | **(46.3)%** |
| Income tax | **(0.8)** | **(11.6)** | 93.1% |
| **Profit after tax** | **25.2** | **36.8** | **(31.5)%** |
| Non-controlling interest | (0.3) | (0.2) | (50.0)% |
| **Profit after tax after non-controlling interest** | **24.9** | **36.6** | **(32.0)%** |

### Key metrics

| | HY 2011 | HY 2010 | Var Pts |
|---|---|---|---|
| **Margin %** | | | |
| Australia | 32.6% | 17.0% | 15.6 |
| North America | 35.8% | 42.1% | (6.3) |
| Japan | (12.5)% | (30.1)% | 17.6 |
| Rest of World | 31.3% | 33.9% | (2.6) |
| **Overall segment profit margin** | **31.4%** | **33.2%** | **(1.8)** |
| **% of revenue** | | | |
| Group D&D expense | 16.5% | 16.1% | 0.4 |
| Earnings before interest and tax | 12.4% | 14.6% | (2.2) |
| Profit after tax and non-controlling interest | 8.0% | 10.7% | (2.7) |
| Effective tax rate | 3.1% | 24.0% | 20.9 |

## Revenue

Segment revenue increased 3.8% in constant currency (declined $27.8 million (8.2%) in reported currency), as a result of strong growth in sales from Japan, Aristocrat Lotteries Europe, South Africa, Australia and New Zealand. This was partially offset by lower sales volumes from North America, in particular, reflecting a decline in market size driven by continued soft economic conditions and weak operator capital spend. The decline in revenue in reported currency is driven by unfavourable foreign exchange translation impacts which reduced revenue by $40.7 million.

North American revenue decreased $42.9 million (23.7%) in reported currency terms while in local currency the decline was US$14.3 million (8.9%) reflecting continued weakness in market and operator trading conditions driving a further decline in market demand compared to the prior corresponding period. Importantly, the overall ship share gains achieved in 2010 have been maintained. The average selling price declined slightly however product margins were maintained. *Viridian WS™* continued to perform well in the half and game performance reports from a broad base of operators remain encouraging. Gaming operations performance from new games was also very encouraging as a higher fee per day was achieved, compared to legacy games, in an intensely competitive market. Overall contribution from gaming operations has decreased on the previous corresponding period due to a lower install base and slightly lower average fee per day as the operators continue to work through a cycle of replacing legacy product with new product. The average fee per day has increased slightly to US$39.30 compared to the average US$38.53 for the full year in 2010. Systems revenue is down due to the overall average size of new installations being smaller than in the prior corresponding period, partially offset by an increase in the number of systems installed.

Despite a decline in unit sales compared to the prior corresponding period, Australian revenue increased by $3.8 million (5.5%) following the launch of *Viridian WS™* late in the first quarter in NSW and QLD, followed by VIC, TAS and NT in the second quarter of the reporting period. The launch of the *Viridian WS™* also influenced a significant improvement in selling price. Volumes in NSW increased on the strength of the performance of *Phantom™* which was the highest selling game for the business in NSW. However this was offset by declines in QLD and VIC. Overall game performance has also improved during the half and customer confidence in Aristocrat's ability to deliver world class games is steadily improving.

In Japan, revenue increased by $7.7 million (92.8%) in reported currency terms, and 107.4% in local currency which was driven by a 105% increase in unit sales. The two games released in the half (*Ganko Ittetsu™ and Pro Golfer Saru™)* exceeded expectations and the performance of *Pro Golfer Saru™,* has been very positive.

In the Rest of World segment, in reported currency, overall revenue was up by $3.6 million (4.4%), while in constant currency overall revenue increased by $16.0 million (19.7%). Stronger performances by Aristocrat Lotteries Europe with the rollout of VLTs into Italy continued, New Zealand with the launch of *Viridian WS™* late in 2010 and South Africa were partially offset by decreases in Asia Pacific where there was one major new casino opening compared to the Singapore openings in the previous half-year and the European casino market due to the timing of new product releases.

## Earnings

Segment profit declined 1.4% in constant currency, $15.1 million (13.3%) in reported currency, compared with the prior corresponding period. The decline was driven by lower earnings in North America partially offset by increased earnings from Australia, and to a lesser extent from New Zealand and South Africa. There was a slight decline in earnings from Asia Pacific and Latin America.

Earnings from North America declined as a result of lower volumes driven by the decline in the size of the market, slightly lower average selling prices due to customer and product mix, smaller contributions from gaming operations as the installed base continues to rebalance from legacy to new product and the lower overall average size of systems installations.

Total unallocated expenses decreased by $4.4 million (6.9%), reflecting lower reported design and development (D&D) costs, due to foreign exchange movements.

Cost control remains a key focus for the Group. Corporate costs were held flat and Group SMG&A was also held flat, in constant currency terms, compared to the prior corresponding period.

The Group's investment in its future through D&D continued. Spend rose slightly as a percentage of revenue to 16.5% (declined to 15.8% on a constant currency basis) from 16.1% of revenues in the prior corresponding period. Total reported spend declined $3.4 million or 6.2% compared to the prior corresponding period, and increased by 1.8% on a constant currency basis. The Group continues to invest significantly in better games and new technology with ongoing efficiencies reinvested in its core product development and capability, consistent with its turn-around strategy. The D&D headcount has grown slightly compared to the prior corresponding period and is currently at 744 full-time equivalents (FTE) compared to 733 FTEs as at 30 June 2010, due to the continued ramp up of the Indian Development Centre (IDC). FTEs have declined slightly compared to 761 as at 31 December 2010 as the IDC has come on line.

Net interest expense has increased significantly ($11.7m or 975.0%), reflecting higher average net debt levels following the settlement of the convertible bond litigation late last year.

The effective tax rate on the result is 3.1%. This is lower than the 24.0% recorded in the prior corresponding period and is mainly due to a tax adjustment relating to prior years, predominately relating to R&D concessional claims. Without the prior year adjustment, the effective tax rate would be 21.8%.

The decline in reported profit after tax has resulted in basic and fully diluted earnings per share falling by 2.3 cents (down 33.3%) to 4.6 cents.

## Abnormal items

| **$ million** | **HY 2011** | | **HY 2010** | |
|---|---|---|---|---|
| | **Before Tax** | **After Tax** | **Before Tax** | **After Tax** |
| Profit on disposal of investment in Elektronček | - | - | 12.7 | 12.7 |
| **Net abnormal profit** | **0.0** | **0.0** | **12.7** | **12.7** |

The Group's reported result after tax in the prior corresponding period included an abnormal net profit after tax of $12.7 million arising from the disposal of its investment in Elektronček.

# Balance sheet and cash flows

## Balance sheet

The balance sheet can be summarised as follows:

| $ million | 30 Jun 2011 | 31 Dec 2010 | 30 Jun 2010 |
|---|---|---|---|
| Net working capital | 152.2 | 130.7 | 125.4 |
| Other current/non-current assets | 70.0 | 73.9 | 109.4 |
| Property, plant and equipment | 106.5 | 100.1 | 116.7 |
| Investments in associate and other companies | 1.5 | 1.5 | 1.7 |
| Intangibles | 106.2 | 114.0 | 135.5 |
| Other current/non-current liabilities | (50.4) | (59.3) | (346.8) |
| Net tax balances | 106.0 | 112.8 | 122.3 |
| Funds employed | 492.0 | 473.7 | 264.2 |
| Net debt | (293.2) | (285.8) | (49.0) |
| Total equity | 198.8 | 187.9 | 215.2 |

Significant balance sheet movements from 31 December 2010 are:

*Net working capital:* As a percentage of the last 12 months revenue, net working capital increased to 23.3% at 30 June 2011, from 19.1% at 31 December 2010. This was principally driven by the timing of revenues in the half-year period driving an increase in trade receivables. The timing was influenced by:

- Second quarter sales compression in North America into the month of June coupled with the growth of gaming operations towards the end of the half-year period;
- Increased momentum behind the *Viridian WS*™ in Australia through the second quarter with significant share realised in NSW in the month of June; and
- The Japanese game release in June.

*Property, plant and equipment*: The $6.4 million increase was driven by $24.4 million net capital spend on predominately gaming operations units offset by a depreciation charge of $14.8 million for the half-year and a $3.2 million decrease due to translational foreign exchange.

*Intangible assets:* The $7.8 million decrease primarily reflects the re-translation of foreign currency denominated intangible assets (primarily within the North American and ACE businesses) at closing foreign exchange rates ($4.2 million) and annual technology amortisation ($3.0m).

*Other current/non-current liabilities:* The $8.9 million decrease is primarily due a decrease in deferred revenue which included foreign exchange movements.

*Total equity:* The change in total equity predominantly reflects net reported profit of $24.9 million for the period, partially offset by an $11.0 million movement in the foreign currency translation reserve.

## Statement of cash flows

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

| **$ million** | **HY 2011** | **HY 2010** |
|---|---|---|
| **Net debt - opening balance (31 December)** | **(285.8)** | **(75.3)** |
| **Normalised net cash inflow from operating activities** | **15.0** | **57.2** |
| Cash effect of abnormal items | 0.0 | 0.0 |
| **Net cash inflow from operating activities** | **15.0** | **57.2** |
| Investing cash flows | (24.8) | (27.0) |
| Financing cash flows | (0.9) | 0.0 |
| **Movement in net cash** | **(10.7)** | **30.2** |
| Effect of exchange rate changes on net debt | 3.3 | (3.9) |
| **Net debt - closing balance (30 June)** | **(293.2)** | **(49.0)** |

Operating cash flow of $15.0 million was $42.2 million lower than the prior period. The reduction has been driven predominantly by increased interest payments, increased working capital due to the timing of revenues in the half-year period and unfavourable foreign exchange impacts partially offset by tax refunds and other movements in assets and liabilities.

The movement in working capital is impacted by the timing of sales in the second quarter for North America and Australia this period driving higher trade receivables while the prior corresponding period included large cash collections in Japan.

Fully diluted operating cash flow per share decreased from 10.7 cents to 2.8 cents.

The net cash outflow from investing activities primarily represents investment in plant and equipment, predominantly for gaming operations units in North America. This spend is representative of the capital being invested in the business to drive growth.

The net cash flow from financing activities relates to payments of dividends to a non-controlling interest.

Foreign exchange movements had a favourable impact of $3.3 million on the net debt position during the period.

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

Net debt at 30 June 2011 was $293.2 million, an increase of $7.4 million from 31 December 2010. Gross debt during the period reduced by $2.2 million with the stronger Australian dollar reducing the translated amount of US dollar debt.

The company remains committed to reducing borrowing and gearing to more conservative levels, in the near term, predominantly through the management of costs, capital spend and working capital. Trade receivables accumulated to 30 June 2011 will be unwound through the balance of the financial year, driving stronger positive cash inflows and providing further capacity for investment to support continued organic growth.

## Bank facilities

The Group had committed bank facilities of $500.0 million at 30 June 2011, of which $299.6 million was drawn compared to $298.7 million at 31 December 2010.

The Group's facilities are summarised as follows:

| Facility | Drawn as at 30 June 2011 | Limit | Maturity Date |
|---|---|---|---|
| 3 year debt | A$299.6m | A$500.0m | June 2013 |

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

## Debt ratios

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

| Ratio | 30 June 2011 | 31 Dec 2010 | 30 June 2010 |
|---|---|---|---|
| EBITDA*/interest expense** | 4.7X | 9.0X | 22.5X |
| Debt/EBITDA* | 2.7X | 2.5X | 0.5X |
| Net debt/EBITDA* | 2.6X | 2.3X | 0.3X |

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

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

## Dividends

The Directors have authorised an interim dividend in respect of the half-year ended 30 June 2011 of 2.5 cents per share ($13.4 million). The dividend will be unfranked and is expected to be declared and paid on 30 September 2011 to shareholders on the register at 5.00pm on 6 September 2011. 100% of the unfranked dividend will be paid out of conduit foreign income. The Dividend Reinvestment Plan (DRP) will be activated in respect of this dividend (for shareholders resident in Australia and New Zealand), with DRP participants issued shares. In accordance with the DRP rules, the DRP issue price will be calculated by reference to the arithmetic average of the daily volume weighted average prices over a period of ten days commencing on 7 September 2011. A 2.5% discount is applicable, with the number of ordinary shares DRP participants will receive being rounded to the nearest share. The dividend will be funded by way of a fully underwritten DRP.

The Group's ability to pay franked dividends is primarily influenced by its mix of earnings and agreed positions with various taxation authorities around the world. As noted previously, based on the current mix of earnings and the impact of prior period abnormal items, the 2011 interim dividend and dividends paid over the medium term are not expected to be fully franked.

The dividends represent a payout ratio of 54% of normalised earnings, consistent with the Group's intention to maintain an annual earnings payout ratio of 50%-70% over the medium term.

## Foreign exchange

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

The Australian dollar was, on average, stronger against the US dollar and the Yen in the first half of 2011 compared to the prior corresponding period. The impact of translating foreign currency (translational impact) decreased revenue by $40.7 million while decreasing reported profit after tax and non-controlling interest by $6.8 million when compared with rates prevailing in the respective months in the prior year.

In addition, the net effect of the retranslation of the net assets of foreign controlled entities (recognised through the foreign currency translation reserve) was $102.6 million (compared to $91.6 million as at 31 December 2010), as the Australian dollar at 30 June 2011 was stronger than at 31 December 2010.

Based on the Group's 2011 mix of profitability, the major exposure to translational foreign exchange results from the Group's US dollar profits. A US dollar 1 cent change in the US$:A$ exchange rate results in an estimated $1.0 million translational impact on the Group's annual reported profit after tax. This impact will vary as the magnitude of overseas profits change.

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

| A$: | 30-Jun-11 | 31-Dec-10 | 30-Jun-10 | H1 2011 Average* | H1 2010 Average* |
|---|---|---|---|---|---|
| USD | 1.0739 | 1.0170 | 0.8523 | 1.0450 | 0.8880 |
| NZD | 1.2953 | 1.3256 | 1.2308 | 1.3245 | 1.2660 |
| JPY | 86.33 | 82.82 | 75.46 | 85.33 | 80.96 |
| EUR | 0.7405 | 0.7684 | 0.6979 | 0.7367 | 0.6779 |
| SEK | 6.7834 | 6.8456 | 6.6185 | 6.5712 | 6.5943 |
| ZAR | 7.2864 | 6.7339 | 6.5059 | 7.1876 | 6.7086 |

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

## Regional segment review

In this review, segment profit/(loss) is before abnormal items, charges for D&D expenditure and corporate costs. The total amount of these items, excluding abnormal items, is disclosed in the Group's statement of comprehensive income. Constant currency amounts refer to 2011 results restated using exchange rates applying in 2010.

### North America

| US$ million | HY 2011 | HY 2010 | Variance | Variance % |
|---|---|---|---|---|
| Revenue | 145.5 | 159.8 | (14.3) | (8.9)% |
| Profit | 52.7 | 66.8 | (14.1) | (21.1)% |
| Margin % | 36.2% | 41.8% | - | (5.6) pts |

| A$ million | HY 2011 | HY 2010 | Variance | Variance % |
|---|---|---|---|---|
| Revenue | 138.4 | 181.3 | (42.9) | (23.7)% |
| Profit | 49.6 | 76.3 | (26.7) | (35.0)% |
| Margin % | 35.8% | 42.1% | - | (6.3) pts |
| **Volume** | | | | |
| - Platforms | 3,871 | 4,040 | (169) | (4.2)% |
| - Conversions | 3,601 | 3,372 | 229 | 6.8 % |
| Average US$ price/unit | 14,695 | 15,081 | (386) | (2.6)% |

| | HY 2011 | HY 2010 | Variance | Variance % |
|---|---|---|---|---|
| Gaming operations units | 5,921 | 6,204 | (283) | (4.6)% |
| Gaming operations US$/day | 39.30 | 40.08 | (0.78) | (1.9)% |

North American sales volumes continued to be impacted by the difficult market and operator trading conditions with overall local currency profitability declining by 21.1% to US$52.7 million. There was no notable change in the market replacement cycle over the first half, and market growth due to new casinos and expansions continued to decline. Overall profit margin also declined 5.6 points to 36.2% which was primarily driven by lower average unit selling prices due to product and customer mix and a smaller contribution from gaming operations to the overall result compared to the prior corresponding period.

A total of 3,871 units were sold in the period, a 4.2% reduction compared to the prior corresponding period. Importantly, the overall ship share gains achieved last year have been maintained and *Viridian WS*™ product performance remains strong.

Sales of software conversions increased 6.8% to 3,601. MKVI™ conversion sales have declined significantly, however, the GEN7™ platform is maturing as it enters its fourth year in the market and sales of GEN7™ conversions increased more than 300% compared to the prior corresponding period.

The average selling price achieved during the period was US$14,695 per unit which represented a 2.6% decline on the prior corresponding period. Product margins however were maintained. The decline in the average selling price was predominantly due to product and customer mix. Sales of end of life legacy product influenced the unfavourable product mix. *Viridian WS*™ continued to perform well with very encouraging game performance reports from a broad base of operators.

Gaming operations performance in the half-year is encouraging as new games and products commanded improved fees per day in an intensely competitive market. Since December 2010, the gaming operations installed base grew by 4.4% driven by the successful release of new game titles including *Tarzan*® on the *Verve*™ cabinet and *Cashman Fever*™ on the new *Viridian WS*™ cabinet. These games also contributed to the increase in the average fee per day which averaged US$39.30 for the half-year compared to the full year 2010 average of

US$38.53. Released in the first quarter of 2011, *Tarzan*® had an installed base of more than 500 units by the end of the half and has been the strongest performing gaming operations game the company has released in many years. *Godard*™, with more than 650 placements, continues to perform well. *Cashman Fever*™, launched in April has more than 250 units already in the market place. In addition to the gaming operations installed base, there were a total of 1,705 standard game leases, earning an average of US$17 per day in the half, compared to 1,875 earning US$20 per day in the full year 2010.

During the period the business added 7 new *OASIS*™ Casino Management System sites continuing to drive an increase in the total number of properties which use the *OASIS*™ Casino Management System in North America to 269. However, total Systems revenues declined 15.2% to US$23.9 million due to the average size of the new installations being smaller venues than the installations recognised in the prior corresponding period.

While economic conditions and the replacement cycle are expected to remain unchanged in the second half of 2011, the business is confident of being able to maintain ship share. With a strong portfolio of new gaming operations products, the business also expects to grow its gaming operations installed base and average fee per day in the second half. Significant new participation products coming online in the second half include *Mission: Impossible*™ and a new widescreen stepper version of *Zorro*™. The business also expects a stronger second half from its systems business with more new installations planned and initial sales of recently completed system modules.

## Australia

| A$ million | HY 2011 | HY 2010 | Variance | Variance % |
|---|---|---|---|---|
| **Revenue** | 73.4 | 69.6 | 3.8 | 5.5 % |
| **Profit** | 23.9 | 11.8 | 12.1 | 102.5 % |
| **Margin %** | 32.6% | 17.0% | - | 15.6 pts |
| **Volume** | | | | |
| **- Platforms** | 1,833 | 2,075 | (242) | (11.7)% |
| **- Conversions** | 2,710 | 3,128 | (418) | (13.4)% |
| **Average A$ price/unit** | 18,676 | 16,597 | 2,079 | 12.5% |

Market conditions remain competitive in Australia with a large number of suppliers.

The *Viridian WS*™ product was launched simultaneously in NSW and QLD late in the first quarter of 2011, and in VIC, TAS and NT in the second quarter. The compressed roll out will enable the business to focus selling and development activities and game delivery on a single platform across the Australian market in 2012.

Over the course of the first half of 2011 the business launched 22 *Viridian WS*™ games titles. Of these, *Phantom*™ and *Jaws*™ are the highest selling titles in NSW and QLD respectively, and both are performing very strongly, according to industry data. *Viridian WS*™ sales momentum increased during the course of the half-year period on the back of strong game performance and an expanding library of games.

Revenue increased 5.5% and profit increased by 102.5% mainly due to higher average selling prices on the strength of *Viridian WS*™ performance, greater efficiencies in manufacturing and continued focus on cost management.

Platform unit sales declined by 11.7%, driven mainly by a decline in VIC where sales for the previous period were influenced by major floor refurbishments during 2010 by key customers prior to deregulation in August 2012. Despite this, *Viridian WS*™ has been quickly accepted in the Victorian market due to early strong game performance with momentum expected to build into the second half. QLD unit sales declined marginally as there were limited new games released. The business' focus for the second half of 2011 in QLD is on improving the games library for *Viridian WS*™, through expanding both the games library and expansion into the mid-denomination categories.

In the key NSW/ACT market, platform units were 23% higher due to the launch of *Viridian WS*™ supported by strong game performance of *Phantom*™, *Jackpot Catcher*™, *Dragon Emperor*™ and *More Hearts*™. As *Viridian WS*™ momentum took hold in the second quarter, the business' sales growth exceeded total market growth in that quarter for the NSW/ACT market.

Game conversions were 13.4% lower due to a decline in NSW as customers replaced legacy MKV™ and MKVI™ cabinets with the new *Viridian WS*™. The key conversion market of Victoria has also been impacted by the transition to a deregulated market in August 2012. Game conversion sales are expected to remain slow for the remainder of 2011 driven by the continued penetration of the new *Viridian WS*™.

Profit margin improved by 15.6 percentage points as a result of the improved average selling price of the *Viridian WS*™ product, improved games performance and continued cost control activities within the manufacturing/assembly operations. The gross margin and average selling price in the prior period were impacted negatively by an increase in promotional pricing on legacy product.

Focus on fixed cost reduction in the first half of 2011 continued with the restructure of the Systems and Service divisions completed in the first quarter delivering significant cost savings on prior year and in line with expectations.

Whilst general market conditions are expected to remain challenging throughout the remainder of 2011, the business remains on track to deliver stronger revenue and profit in line with the turn-around strategy. New products including the *Legends* series, a portfolio of mid-denomination games and the new *WS Slant*™ will be released in the second half of 2011 and are expected to continue to build on the momentum from the *Viridian WS*™ launch in the first half.

The business has also continued to be engaged with industry bodies, State regulators and the Federal joint select committee in relation to the mandatory pre-commitment debate. The *Blue Gum*™ technology trial was launched in July, in conjunction with the Queensland Government, with the aim of generating evidence around how pre-commitment works in practice. The business is well prepared for the impact of gaming reform and is supportive of measures to create a sustainable vibrant Australian gaming industry.

## Japan

| ¥ million | HY 2011 | HY 2010 | Variance | Variance % |
|---|---|---|---|---|
| **Revenue** | 1,365.1 | 658.1 | 707.0 | 107.4 % |
| **Loss** | (179.6) | (198.8) | 19.2 | 9.7 % |
| **Margin %** | (13.2)% | (30.2)% | - | 17.0 pts |

| A$ million | HY 2011 | HY 2010 | Variance | Variance % |
|---|---|---|---|---|
| **Revenue** | 16.0 | 8.3 | 7.7 | 92.8 % |
| **Loss** | (2.0) | (2.5) | 0.5 | 20.0 % |
| **Margin %** | (12.5)% | (30.1)% | - | 17.6 pts |
| **Volume - Games** | 4,800 | 2,342 | 2,458 | 105.0 % |
| **Average ¥ price/unit** | 279,610 | 267,321 | 12,289 | 4.6 % |

The pachislot market shipped an estimated 456,000 units in the first half of 2011, an increase of 21,000 units (4.8%) on the prior corresponding period. Pachislot and pachinko suppliers have struggled to meet market demand in the second quarter as a result of a disruption to supply following the natural disasters. No major game was released in the market during the second quarter. A number of halls were impacted, with 50 completely destroyed and a further circa 700 partially damaged, representing 0.4% and 5.6% of the 12,500 halls respectively.

In local currency, 2011 revenue improved by 107.4% against the prior corresponding period, driven by a 105.0% increase in unit volumes, reflecting the benefits of releasing licensed content albeit at modest volumes. The two games released (*Ganko Ittetsu™ and Pro Golfer Saru™*) are the last of the legacy FUGA cabinet. Performance by *Pro Golfer Saru™*, the second game released this period, has been very positive, the business's best performing game over the last 3 years. The reduction in the loss for the half-year of 9.7%, in local currency, was not as favourable as the improvements in revenue as the prior corresponding period included a greater proportion of like-new units. A similar mix could not be realised on current period game launches due to restricted supply of parts and the planned decommissioning of the FUGA cabinet. During the half, Japan restructured its operations, including a change to the sales distribution model, to adopt a more flexible cost base while still allowing for future growth.

The Japanese market is expected to recover strongly in the fourth quarter of 2011 as parts shortages are resolved and the competitive environment strengthens. Due to the shortage of component parts experienced following the Japanese earthquake and tsunami, the business' ability to launch its two key licensed games in the current financial year may be limited. Both titles will be available for launch and incorporate significant improvements in game features and enhanced cabinet quality. The ability to sell both into the market will be dependent on the timing and quantity of supply of component parts and is likely to result in the deferral of one game into 2012. The improved brand perception by the hall operators following the performance of *Pro Golfer Saru™*, is expected to support the launch of these titles irrespective of the timing of their launch.

## Rest of World

| A$ million<br>Revenue | Constant Currency<br>HY 2011 | HY 2010 | Variance | Variance<br>% |
|---|---|---|---|---|
| Other International | 63.9 | 61.7 | 2.2 | 3.6 % |
| Latin America | 13.3 | 10.9 | 2.4 | 22.0 % |
| New Zealand | 8.1 | 4.7 | 3.4 | 72.3 % |
| Aristocrat Lotteries Europe | 12.0 | 4.0 | 8.0 | 200.0 % |
| **TOTAL** | **97.3** | **81.3** | **16.0** | **19.7%** |

| A$ million<br>Profit | Constant Currency<br>HY 2011 | HY 2010 | Variance | Variance<br>% |
|---|---|---|---|---|
| Other International | 26.2 | 25.7 | 0.5 | 1.9 % |
| Latin America | 4.0 | 4.6 | (0.6) | (13.0)% |
| New Zealand | 2.8 | (0.2) | 3.0 | 1500.0 % |
| Aristocrat Lotteries Europe | (2.7) | (2.5) | (0.2) | (8.0)% |
| **TOTAL** | **30.3** | **27.6** | **2.7** | **9.8%** |
| **Margin %** | 31.1% | 33.9% | - | (2.8) pts |

| A$ million | HY 2011 | HY 2010 | Variance | Variance<br>% |
|---|---|---|---|---|
| Revenue | 84.9 | 81.3 | 3.6 | 4.4 % |
| Profit | 26.6 | 27.6 | (1.0) | (3.6)% |
| Margin % | 31.3% | 33.9% | - | (2.6) pts |
| Volume - Platforms | 3,941 | 3,470 | 471 | 13.6% |
| Total VLTs in operation | 4,400 | 2,109 | 2,291 | 108.6% |

The Group experienced strong growth from the Rest of World segment, revenue and profit increased by 19.7% and 9.8% respectively in constant currency. The increase in revenue, in constant currency terms, was largely driven by strong growth in South Africa, Aristocrat Lotteries Europe and New Zealand, partially offset by declines in Asia Pacific and Europe. The increase in profits was driven by earnings growth in South Africa, and New Zealand. In addition, earnings from Europe increased despite lower revenue due to cost management. These increases were partially offset by slight declines in Asia Pacific, Aristocrat Lotteries Europe and Latin America.

Asia Pacific continues to perform strongly although revenues and profits were down slightly on the prior corresponding period by 3.3% and 3.6% respectively in constant currency terms. There were fewer new casino openings compared to the prior period which included revenues from the two large new casino openings in Singapore. The strong game performance in the region continued to lead the market throughout the reporting period. Floor share achieved at the launch of Galaxy Macau, on Cotai, was a record for any casino opening in Macau at circa 70%. Initial game performance has been very positive leading to subsequent orders being placed. The business continues to maintain 55% to 65% installed market share in Macau and the highest installed shares of any slot manufacturer in both Singapore casinos. During the period, the business also commenced trials of our Class III Server Based Gaming product in two Asian casinos.

In Europe revenue in constant currency terms decreased by 11.0%, while profit increased by 12.9% over the prior corresponding period. Profitability was improved through a general reduction in SMG&A expenses. Increased sales into Spain were partly offset by lower European casino revenues driven by the operator environment. *Viridian WS*™ was launched with twelve games and early performance feedback is positive. Sales performance in Spain was particularly strong with the installed base now more than 1,000 units (up 125% on the prior corresponding period). Street markets revenues increased by 10.4%, in constant currency. The business continues to actively explore further value-adding opportunities for deploying content in street markets across Europe. Market share in Europe is estimated to have remained steady.

In South Africa, constant currency revenues and profits increased by 43.4% and 23.5% respectively compared to the prior corresponding period, reflecting growing demand by operators, particularly in the Limited Payout Market, despite the continued subdued domestic economic conditions. Video market share improved from 41% to 42% and overall casino market share was maintained at 27%, while increased competition and a drive by operators to increase variety on floors resulted in Limited Payout Market share declining to 75%.

In Latin America, platform sales volume was down 4.6%, however, average selling price increased by 47%, driven by an increase in new unit sales and a shift in rebuild sales from *MKVI*™ product to *Viridian*™ product. As a result, revenue improved 22.0% in constant currency terms.

Performance in New Zealand was strong, despite challenging market conditions, with revenue up 72.3% and profit of $2.8 million compared to a loss in the prior corresponding period driven by the successful launch of *Viridian WS*™ in both class 4 and casino segments. This is expected to continue into the second half due to, in particular, the launch of the *FaFaFa Hyperlink*™ in late June.

Aristocrat Lotteries Europe revenues increased by 200% in constant currency, mainly driven by VLT sales to Cogetech and increased Norsk Tipping revenues. At the end of the half, 1,505 and 2,895 Aristocrat VLTs were installed on the Cogetech and Norsk Tipping systems respectively. Cogetech is the first concessionaire in the Italian VLT market to have nine games approved and live. Progress to date and early performance of the system and Aristocrat's games have been encouraging. During the first half of 2011, a contractual commitment from Cogetech was secured to extend Aristocrat's footprint in the Italian VLT market to a total of 3,000 terminals. The Group continues to actively explore further value-adding opportunities for deploying its *TruServ*™ system solution and terminals in emerging VLT markets.

Aristocrat Online at 30 June had 6 titles live with a licensed European internet gaming operator. Several new operators are expected to be live with further Aristocrat titles in the second half of 2011.

Trading conditions across the Rest of World portfolio are expected to remain challenging into the second half of 2011, however, benefits are expected to come from continuing strong game performance in Asia Pacific, momentum from the newly launched *Viridian WS*™ in key markets and building further momentum in Spain. The lotteries business will benefit from the continued rollout of VLTs into Italy, the ongoing optimisation of the *TruServ*™ system and the continued improvement in game performance. In Asia Pacific the lack of new major openings in the second half will soften the earnings compared to the first half, although further penetration of the *Viridian WS*™ will support base line revenues. The Group will also continue to explore value-adding opportunities following on from the trials of our Server Based Gaming in Asia Pacific. Market conditions will continue to be challenging in Europe due to poor economic conditions, operator smoking bans and aggressive competition. However, the launch of the *Viridian WS*™ product into more jurisdictions, the launch of the *Vii Slant*™, and the introduction of new game categories should help drive revenues from the casino segment in the second half. South Africa will continue to benefit from an uptake in the Limited Payout Market sector in 2011. *Viridian WS*™ will also be launched into the South African casino market in the second half. We expect to continue to gain momentum in the Latin American market through an improved product offering. Finally our New Zealand business is expected to deliver improved performance with the continued rollout of the *Viridian WS*™.

# Aristocrat

Financial statements for the half-year ended 30 June 2011

**These financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2010 and any public announcements made by Aristocrat Leisure Limited during the reporting period and up to the date of these financial statements, in accordance with the continuous disclosure requirements of the *Corporations Act* 2001.**

Aristocrat Leisure Limited ABN 44 002 818 368

# Contents

# Consolidated statement of comprehensive income

**for the half-year ended 30 June 2011**

| | Notes | Half-year 2011 $'000 | 2010 $'000 |
|---|---|---|---|
| Revenue | 4 | **310,642** | 340,513 |
| Cost of revenue | | **(140,749)** | (150,387) |
| **Gross profit** | | **169,893** | 190,126 |
| Other income | 4 | **5,180** | 17,208 |
| Design and development costs | | **(51,502)** | (54,895) |
| Sales and marketing costs | | **(33,460)** | (35,528) |
| General and administration costs | | **(49,686)** | (50,840) |
| Finance costs | | **(14,365)** | (4,400) |
| Share of net losses of jointly controlled entity | | **-** | (616) |
| **Profit before income tax expense** | | **26,060** | 61,055 |
| Income tax expense | | **(848)** | (11,519) |
| **Profit after income tax expense for the half-year** | | **25,212** | 49,536 |
| **Other comprehensive income** | | | |
| Exchange difference on translation of foreign operations | | **(11,015)** | 10,499 |
| Changes in fair value of interest rate hedge | | **(583)** | - |
| Changes in fair value of available-for-sale financial assets | | **-** | 179 |
| **Other comprehensive income for the half-year, net of tax** | | **(11,598)** | 10,678 |
| **Total comprehensive income for the half-year** | | **13,614** | 60,214 |
| Profit is attributable to: | | | |
| Members of Aristocrat Leisure Limited | | **24,860** | 49,257 |
| Non-controlling interest | | **352** | 279 |
| | | **25,212** | 49,536 |
| Total comprehensive income is attributable to: | | | |
| Members of Aristocrat Leisure Limited | | **13,262** | 59,935 |
| Non-controlling interest | | **352** | 279 |
| | | **13,614** | 60,214 |
| **Earnings per share for profit attributable to the ordinary equity holders of the Company** | | | |
| | | **Cents** | Cents |
| Basic earnings per share | 8 | **4.7** | 9.3 |
| Diluted earnings per share | 8 | **4.6** | 9.2 |

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

# Consolidated statement of financial position

**as at 30 June 2011**

| | 30 June 2011 $'000 | 31 December 2010 $'000 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | **10,411** | 19,840 |
| Trade and other receivables | **236,969** | 203,459 |
| Inventories | **75,801** | 85,952 |
| Financial assets | **5,553** | 5,864 |
| Other assets | **9,825** | 7,536 |
| Current tax assets | **5,266** | 8,311 |
| **Total current assets** | **343,825** | 330,962 |
| | | |
| **Non-current assets** | | |
| Trade and other receivables | **45,158** | 50,087 |
| Financial assets | **8,690** | 9,221 |
| Property, plant and equipment | **106,459** | 100,141 |
| Deferred tax assets | **100,775** | 104,518 |
| Intangible assets | **106,219** | 113,980 |
| **Total non-current assets** | **367,301** | 377,947 |
| **Total assets** | **711,126** | 708,909 |
| | | |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Trade and other payables | **118,030** | 125,711 |
| Borrowings | **4,000** | 7,000 |
| Provisions | **11,979** | 15,053 |
| Other liabilities | **40,344** | 30,280 |
| **Total current liabilities** | **174,353** | 178,044 |
| | | |
| **Non-current liabilities** | | |
| Trade and other payables | **106** | 115 |
| Borrowings | **299,495** | 298,662 |
| Provisions | **16,818** | 18,044 |
| Other liabilities | **21,584** | 26,172 |
| **Total non-current liabilities** | **338,003** | 342,993 |
| **Total liabilities** | **512,356** | 521,037 |
| **Net assets** | **198,770** | 187,872 |
| | | |
| **EQUITY** | | |
| Contributed equity | **195,632** | 187,625 |
| Reserves | **(131,058)** | (117,827) |
| Retained earnings | **136,958** | 120,083 |
| **Capital and reserves attributable to owners** | **201,532** | 189,881 |
| **Non-controlling interest** | **(2,762)** | (2,009) |
| **Total equity** | **198,770** | 187,872 |

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

# Consolidated statement of changes in equity

**for the half-year ended 30 June 2011**

| | Attributable to owners of Aristocrat Leisure Limited | | | | | |
|---|---|---|---|---|---|---|
| | Contributed equity $'000 | Reserves $'000 | Retained earnings $'000 | Total $'000 | Non-controlling interest $'000 | Total equity $'000 |
| **Balance at 1 January 2010** | **185,320** | **(92,013)** | **61,498** | **154,805** | **(944)** | **153,861** |
| Profit attributable to members of the Company | - | - | 49,257 | 49,257 | - | 49,257 |
| Profit attributable to non-controlling interest | - | - | - | - | 279 | 279 |
| Other comprehensive income | - | 10,678 | - | 10,678 | - | 10,678 |
| **Total comprehensive income for the half-year** | **-** | **10,678** | **49,257** | **59,935** | **279** | **60,214** |
| **Transactions with owners in their capacity as owners:** | | | | | | |
| Net movement in share-based payments reserve | - | 1,050 | - | 1,050 | - | 1,050 |
| Net movement in reserves attributable to non-controlling interest | - | - | - | - | 74 | 74 |
| | - | 1,050 | - | 1,050 | 74 | 1,124 |
| **Balance at 30 June 2010** | **185,320** | **(80,285)** | **110,755** | **215,790** | **(591)** | **215,199** |
| **Balance at 1 January 2011** | **187,625** | **(117,827)** | **120,083** | **189,881** | **(2,009)** | **187,872** |
| Profit attributable to members of the Company | **-** | **-** | **24,860** | **24,860** | **-** | **24,860** |
| Profit attributable to non-controlling interest | **-** | **-** | **-** | **-** | **352** | **352** |
| Other comprehensive income | **-** | **(11,598)** | **-** | **(11,598)** | **-** | **(11,598)** |
| **Total comprehensive income for the half-year** | **-** | **(11,598)** | **24,860** | **13,262** | **352** | **13,614** |
| **Transactions with owners in their capacity as owners:** | | | | | | |
| Contributions of equity, net of transaction costs | **8,007** | **-** | **-** | **8,007** | **-** | **8,007** |
| Net movement in share-based payments reserve | **-** | **(1,633)** | **-** | **(1,633)** | **-** | **(1,633)** |
| Dividends provided for and paid | **-** | **-** | **(7,985)** | **(7,985)** | **-** | **(7,985)** |
| Dividends paid to non-controlling shareholder | **-** | **-** | **-** | **-** | **(929)** | **(929)** |
| Net movement in reserves attributable to non-controlling interest | **-** | **-** | **-** | **-** | **(176)** | **(176)** |
| | **8,007** | **(1,633)** | **(7,985)** | **(1,611)** | **(1,105)** | **(2,716)** |
| **Balance at 30 June 2011** | **195,632** | **(131,058)** | **136,958** | **201,532** | **(2,762)** | **198,770** |

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

# Consolidated statement of cash flows

**for the half-year ended 30 June 2011**

| | Note | Half-year 2011 $'000 | 2010 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers (inclusive of goods and services tax) | | **314,328** | 434,233 |
| Payments to suppliers and employees (inclusive of goods and services tax) | | **(295,039)** | (362,906) |
| | | **19,289** | 71,327 |
| Other income | | **468** | 865 |
| Interest received | | **3,217** | 3,164 |
| Interest paid | | **(13,916)** | (4,290) |
| Income taxes (paid)/refunded | | **5,950** | (13,871) |
| **Net cash inflow from operating activities** | | **15,008** | 57,195 |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | | **(29,718)** | (15,425) |
| Payments for intangibles | | **(635)** | (11,692) |
| Loan repayments from related parties | | **646** | - |
| Proceeds from sale of property, plant and equipment | | **4,931** | 159 |
| **Net cash outflow from investing activities** | | **(24,776)** | (26,958) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares (inclusive of transaction costs) | | **5,622** | - |
| Proceeds from borrowings | | **102,249** | - |
| Repayment of borrowings | | **(100,250)** | (46,735) |
| Dividends paid to company's shareholders | 5 | **(5,600)** | - |
| Dividends paid to non-controlling shareholder | | **(929)** | - |
| **Net cash inflow/(outflow) from financing activities** | | **1,092** | (46,735) |
| **Net decrease in cash and cash equivalents held** | | **(8,676)** | (16,498) |
| Cash and cash equivalents at the beginning of the half-year | | **19,840** | 59,045 |
| Effects of exchange rate changes on cash and cash equivalents | | **(753)** | 2,271 |
| **Cash and cash equivalents at the end of the half-year** | | **10,411** | 44,818 |

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

# Notes to the consolidated financial statements

**for the half-year ended 30 June 2011**

## Note 1. Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2011 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act* 2001.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this financial report is to be read in conjunction with the annual report for the year ended 31 December 2010 and any public announcements made by Aristocrat Leisure Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act* 2001.

Comparative information has been reclassified where appropriate to enhance comparability.

## Note 2. Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

**Impact of standards issued but not yet applied by the group**

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular the Group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

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

## Note 3. Segment information

**Description of segments**

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors and the Executive Leadership Team, who have determined operating segments based on a geographical perspective and have identified the following reportable segments:

- North America;
- Australia;
- Japan; and
- Rest of world.

Segment result is measured on the basis of segment profit before tax and excludes design and development expenditure, charges for licence fees and advanced pricing agreements, and impairment of intangibles and other non-trading assets.

Segment revenues are allocated based on the country in which the customer is located.

Sales between segments are carried out at arm's length and eliminate on consolidation.

Segment assets are measured in a manner consistent with that of the consolidated financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Reportable segments are reconciled to the consolidated financial statements on the following two pages.

# Notes to the consolidated financial statements

**for the half-year ended 30 June 2011**

## Note 3. Segment information

| **Half-year 2011** | Australia $'000 | North America $'000 | Japan $'000 | Rest of world $'000 | Consolidated $'000 |
|---|---|---|---|---|---|
| Revenues from external customers | 71,285 | 138,407 | 16,041 | 84,909 | 310,642 |
| Other segment revenue from external customers | 2,065 | - | - | - | 2,065 |
| **Segment revenue** | 73,350 | 138,407 | 16,041 | 84,909 | **312,707** |
| Segment result | 23,892 | 49,613 | (2,049) | 26,633 | 98,089 |
| Interest revenue not allocated to segments | | | | | 1,515 |
| Interest expense | | | | | (14,365) |
| Design and development expenditure | | | | | (51,502) |
| Other | | | | | (7,677) |
| **Consolidated profit before tax** | | | | | **26,060** |
| Segment assets | 490,088 | 200,464 | 83,566 | 173,632 | 947,750 |
| Elimination of investments in subsidiaries | | | | | (247,112) |
| Other unallocated amounts | | | | | 10,488 |
| **Consolidated assets** | | | | | **711,126** |

# Notes to the consolidated financial statements

**for the half-year ended 30 June 2011**

## Note 3. Segment information

| Half-year 2010 | Australia $'000 | North America $'000 | Japan $'000 | Rest of world $'000 | Consolidated $'000 |
|---|---|---|---|---|---|
| Revenues from external customers | 69,625 | 181,277 | 8,281 | 81,330 | 340,513 |
| **Segment revenue** | | | | | **340,513** |
| Segment result | 11,814 | 76,252 | (2,465) | 27,563 | 113,164 |
| Interest revenue | | | | | 3,182 |
| Interest expense | | | | | (4,400) |
| Design and development expenditure | | | | | (54,895) |
| Gain on disposal of jointly controlled entity | | | | | 12,727 |
| Other | | | | | (8,723) |
| **Consolidated profit before tax** | | | | | **61,055** |
| Segment assets | 487,995 | 253,292 | 125,386 | 200,662 | 1,067,335 |
| Elimination of investments in subsidiaries | | | | | (244,362) |
| Other unallocated amounts | | | | | (4,636) |
| **Consolidated assets** | | | | | **818,337** |

# Notes to the consolidated financial statements

**for the half-year ended 30 June 2011**

| | Half-year 2011 $'000 | Half-year 2010 $'000 |
|---|---|---|
| **Note 4. Profit for the half-year** | | |
| **(a) Revenue** | | |
| Sale of goods | **207,828** | 223,269 |
| Gaming operations and services | **102,814** | 117,244 |
| Total revenue | **310,642** | 340,513 |
| **(b) Other income** | | |
| Interest | **3,580** | 3,182 |
| Foreign currency translation gains | **1,023** | 304 |
| Gain on disposal of investment in jointly controlled entity | **-** | 12,727 |
| Gain on disposal of property, plant and equipment | **109** | 130 |
| Sundry income | **468** | 865 |
| Total other income | **5,180** | 17,208 |
| **(c) Expenses** | | |
| ***(i) Depreciation and amortisation*** | | |
| Depreciation and amortisation of property, plant and equipment | | |
| - Buildings | **253** | 275 |
| - Plant and equipment | **13,168** | 13,441 |
| - Leasehold improvements | **1,332** | 1,567 |
| Total depreciation and amortisation of property, plant and equipment | **14,753** | 15,283 |
| Amortisation of intangible assets | | |
| - Computer technology | **3,035** | 3,257 |
| Total amortisation of intangible assets | **3,035** | 3,257 |
| Total depreciation and amortisation | **17,788** | 18,540 |
| ***(ii) Employee benefits expense*** | | |
| Total employee benefits expense | **90,678** | 97,595 |
| ***(iii) Other significant items*** | | |
| Charges/(credits) against assets | | |
| - Impairment losses/(write-backs) - trade receivables | **(111)** | 83 |
| - Write down of inventories to net realisable value | **2,856** | 445 |
| Legal costs | **5,066** | 2,805 |
| Legal settlements | **-** | 525 |
| ***(iv) Rental expense relating to operating leases*** | | |
| - Minimum lease payments | **8,418** | 8,681 |
| **(d) Net foreign exchange (loss)/gain** | | |
| Foreign exchange gain | **1,023** | 304 |
| Foreign exchange loss | **(1,134)** | (773) |
| Net foreign exchange (loss)/gain | **(111)** | (469) |

# Notes to the consolidated financial statements

**for the half-year ended 30 June 2011**

| | Half-year 2011 $'000 | 2010 $'000 |
|---|---|---|
| **Note 5. Dividends** | | |
| **Dividends provided for or paid during the half-year:** | | |
| - 2010 - 1.5 cents, unfranked, per fully paid share, paid on 28 March 2011 | **7,985** | - |
| Total dividends provided for or paid during the half-year | **7,985** | - |
| Dividends paid were satisfied as follows: | | |
| Paid in cash | **5,600** | - |
| Paid through the dividend reinvestment plan | **2,385** | - |
| Total dividends paid during the half-year | **7,985** | - |

### Dividends not recognised at the end of the period

| | | |
|---|---|---|
| Since the end of the half-year the directors have recommended the payment of an interim dividend of 2.5 cents (2010 - 3.5 cents) per fully paid ordinary share, unfranked. The aggregate amount of the proposed interim dividend expected to be paid on 30 September 2011, but not recognised as a liability at the end of the half-year is: | **13,412** | 18,668 |

### Dividend Reinvestment Plan (DRP)

The directors have determined that the Aristocrat Leisure Limited Dividend Reinvestment Plan will remain active in respect of the 2011 interim dividend (for shareholders resident in Australia and New Zealand). The DRP participants will be issued shares which will rank equally with existing shares on issue. In accordance with the DRP rules, the DRP issue price will be calculated by reference to the arithmetic average of the daily VWAPs over a period of ten days commencing on 7 September 2011. A 2.5% discount is applicable, and the number of ordinary shares DRP participants will receive will be rounded up to the nearest share.

Any shareholder who wishes to participate in the DRP or to change their current application in the DRP must lodge an application or variation notice on or before on 6 September 2011 to the Company's share registry, Boardroom Pty Limited (Formerly Registries Limited).

| | Half-year 2011 Shares | 2010 Shares | Half-year 2011 $'000 | 2010 $'000 |
|---|---|---|---|---|
| **Note 6. Equity securities issued** | | | | |
| **Issues of ordinary shares during the half-year** | | | | |
| Shares issued under dividend reinvestment plan | **745,022** | - | **2,385** | - |
| Shares issued under dividend underwriting arrangement | **1,751,375** | - | **5,622** | - |
| Total equity securities issued during the half-year | **2,496,397** | - | **8,007** | - |

## Note 7. Events occurring after reporting date

There has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial reporting periods.

## Note 8. Earnings per share

| | Half-year | |
|---|---|---|
| | **2011 Cents** | 2010 Cents |
| Basic earnings per share | **4.7** | 9.3 |
| Diluted earnings per share | **4.6** | 9.2 |

| | Half-year | |
|---|---|---|
| | **2011 Number** | 2010 Number |
| **Weighted average number of ordinary shares used as the denominator** | | |
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share | **533,649,845** | 531,668,978 |
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share | **533,649,845** | 531,668,978 |
| Effect of Performance Share Rights | **1,284,515** | 1,450,092 |
| Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share | **534,934,360** | 533,119,070 |

| | Half-year | |
|---|---|---|
| | **2011 $'000** | 2010 $'000 |
| **Reconciliation of earnings used in calculating diluted earnings per share** | | |
| Profit attributable to members of Aristocrat Leisure Limited | **24,860** | 49,257 |
| Earnings used in calculating diluted earnings per share | **24,860** | 49,257 |

## Note 8. Earnings per share (continued)

### Information concerning the classification of securities

*(a) Performance Share Rights*

Rights granted to employees under the Performance Share Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. The rights have not been included in the determination of basic earnings per share.

*(b) Share-based payments trust*

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

Shares issued through the Aristocrat Employee Equity Plan Trust on the exercise of options have been treated as shares issued from capital for the purpose of the calculation of the weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.

## Note 9. Contingent liabilities

The Group had contingent liabilities at 30 June 2011 in respect of the following matters:

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

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

(iii) controlled entities within the Group are and become parties to various legal actions concerning intellectual property claims considered typical to the industry in which the business operates. 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.

With respect to the legal proceedings described in (iv) and (v) below, estimates of the possible damage or range of damages, if any, are unknown at this stage.

However, although there can be no assurance regarding the outcome of any of the legal proceedings referred to in (iv) and (v) below, based on the information currently available for each situation, the Directors do not currently expect them to have a material adverse effect on the Group;

(iv) In August 2010, Minkus Electronic Display Systems commenced patent infringement proceedings against Aristocrat Technologies Inc. and Aristocrat Leisure Limited in the Delaware Federal District Court claiming that certain aspects of Group's Oasis 360 System infringes one of Minkus' patents. Aristocrat is one of 37 defendants being sued by Minkus in this action. Minkus has commenced Court ordered settlement discussions with the defendants;

(v) In November 2010, International Game Technology (NYSE: IGT) commenced patent infringement proceedings against Aristocrat Technologies Inc. and Aristocrat Leisure Limited in the US District Court (San Francisco, California). IGT alleged that Aristocrat is infringing two IGT patents covering a secure boot sequence that is relevant to gaming machine controllers. A preliminary trial date has been set in June 2012. Aristocrat intends to defend these allegations;

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

(vii) Aristocrat Leisure Limited, Aristocrat International Pty Limited, Aristocrat Technologies 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 and Investments Commission;

(viii) under the terms of severance agreements with a former Executive Director, who left the Group in 1994, the Group is obliged to fund certain costs of a motor vehicle provided to the former Executive Director for an indefinite period; and

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

## Note 10. Borrowings

**Available facilities**

The bank loan facilities are structured as follows:

- Facility B - $470,000,000 tranche maturing 24 June 2013.

- Facility C - $30,000,000 tranche maturing 24 June 2013.

The committed bank facility is secured by a negative pledge that imposes certain financial covenants. The Group was in compliance with the imposed covenants at reporting date. Borrowings are at a floating interest rate. A portion of the interest rate exposure has been fixed under an interest rate swap arrangement.

Other facilities relate to:
- JPY 1.5 billion Uncommitted Borrowing facility with Mizuho Bank Ltd (Japan), which is subject to annual review. As at 30 June 2011, there were no drawings made under this facility.
- Uncommitted money market borrowing line with Westpac Banking Corporation.

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

**Undrawn borrowing facilities**
The Group's undrawn borrowing facilities were as follows:

| | **30 June 2011 $'000** | 31 December 2010 $'000 |
|---|---|---|
| Floating rate | | |
| - Expiring within one year (bank overdrafts, loans and other facilities) | **28,745** | 26,791 |
| - Expiring beyond one year | **200,399** | 201,338 |
| | **229,144** | 228,129 |

# Directors' declaration

**for the half-year ended 30 June 2011**

In the directors' opinion:

(a) the financial statements and notes set out on pages 4 to 15 are in accordance with the *Corporations Act 2001* including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance, for the half-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.

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

Dr ID Blackburne
Chairman

Sydney
Date: 24 August 2011

Independent auditor's review report to the members of
Aristocrat Leisure Limited

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Aristocrat Leisure Limited, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Aristocrat Leisure Limited Group (the consolidated entity). The consolidated entity comprises both Aristocrat Leisure Limited (the company) and the entities it controlled during that half-year.

*Directors' responsibility for the half-year financial report*

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

*Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Aristocrat Leisure Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

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## Independent auditor's review report to the members of Aristocrat Leisure Limited (continued)

*Matters relating to the electronic presentation of the reviewed financial report*

This review report relates to the financial report of the Company for the half-year ended 30 June 2011 included on Aristocrat Leisure Limited web site. The company's directors are responsible for the integrity of the Aristocrat Leisure Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

*Independence*

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

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Aristocrat Leisure Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

PricewaterhouseCoopers

PricewaterhouseCoopers

S. Hump

Stephen Humphries
Partner

Sydney
24 August 2011

# Directors' report
# for the 6 months ended 30 June 2011
# Aristocrat Leisure Limited
# ABN 44 002 818 368

The directors present their report together with the financial statements of Aristocrat Leisure Limited and its controlled entities (the 'Consolidated Entity') for the six months ended 30 June 2011. This report is made on 24 August 2011.

**Directors**

The directors of Aristocrat Leisure Limited (the 'Company') during the six months under review and up to the date of this report, unless otherwise stated, are:

ID Blackburne (Non-Executive Chairman)
JR Odell (Managing Director and Chief Executive Officer)
WM Baker (Non-Executive Director) (retired 4 January 2011)
DCP Banks (Non-Executive Director) (received regulatory approval 12 July 2011)
RA Davis (Non-Executive Director)
RV Dubs (Non-Executive Director)
SW Morro (Non-Executive Director)
SAM Pitkin (Non-Executive Director) (retired 3 May 2011)

**Director (Elect)**

At the Company's 2011 Annual General Meeting held on 3 May 2011, shareholders resolved to appoint LG Flock as director of the Company, with such appointment not to take effect until the receipt of, and subject to, all relevant regulatory pre-approvals.

As previously disclosed, until such time as all relevant regulatory pre-approvals are received, LG Flock may attend meetings of the Board of Directors by invitation, however he will not have any power to vote on Board resolutions.

**Review and results of operations**

A review of the operations of the Consolidated Entity for the half-year ended 30 June 2011 is set out in the attached Review of Operations which forms part of this Directors' Report. The operating result of the Consolidated Entity attributable to shareholders for the half-year ended 30 June 2011 was a profit of $24.9 million after tax and non-controlling interest.

**Auditor's Independence Declaration**

The Auditor's Independence Declaration as required by section 307C of the Corporations Act 2001 is included at the end of this report.

**Rounding of amounts to nearest thousand dollars**

The Company is of a kind referred to in Australian Securities & Investments Commission Class Order 98/0100 dated 10 July 1998 (updated by Class Order 05/641 effective 28 July 2005 and Class Order 06/51 effective 31 January 2006) relating to the 'rounding off' of amounts in the Directors' Report and Financial Statements. Amounts in the Directors' Report and Financial Statements have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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

**ID Blackburne**
**Chairman**

## Auditor's Independence Declaration

As lead auditor for the review of Aristocrat Leisure Limited for the half year ended 30 June 2011, 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 review; and
b) no contraventions of any applicable code of professional conduct in relation to the review.

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

S. Humphries

Stephen Humphries
Partner
PricewaterhouseCoopers

Sydney
24 August 2011

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