19 December 2013

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

Aristocrat Leisure Limited
2013 Annual Report

Please find attached the Company's Annual Report for the twelve months ended 30 September 2013.

The Annual Report together with the Notice of Meeting for the Annual General Meeting to be held on 19 February 2014 are expected to be despatched to shareholders on or around 10 January 2014.

The Annual Report is available on the Group's website at www.aristocratgaming.com

Yours sincerely

A Korsanos
Chief Financial Officer &
Company Secretary

Aristocrat Leisure Limited abn 44 002 818 368
Building A, Pinnacle Office Park, 85 Epping Road, North Ryde NSW 2113
PO Box 361, North Ryde BC NSW 1670, Australia
telephone +61 2 9013 6000 **fax** +61 2 9013 6200 **web** www.aristocratgaming.com

Aristocrat Leisure Limited

Annual Report 2013

Contents

2013 Annual Report

This 2013 Aristocrat Leisure Limited Annual Report for the financial year ended 30 September 2013 complies with reporting requirements and contains statutory financial statements.

This document is not a concise report prepared under section 314 (2) of the Corporations Act. The Aristocrat Group has not prepared a concise report for the 2013 financial year.

2013 Online Business Review

The 2013 Online Business Review contains reports from the Chairman and Managing Director on the Group's business and operational highlights, an overview of Group strategy and its sustainability initiatives.

The 2013 Online Business Review can be found on the Group's website: www.aristocratgaming.com

2014 Annual General Meeting

The 2014 Annual General Meeting will be held at 10.00am on Wednesday, 19 February 2014 at The Mint, 10 Macquarie Street, Sydney NSW.

Details of the business of the meeting will be contained in the notice of Annual General Meeting, to be sent to shareholders separately.

2 Company Profile and Key Dates

3 Directors' Report

8 Review of Operations

25 Remuneration Report

50 Auditor's Independence Declaration

51 Corporate Governance Statement

59 Nevada Regulatory Disclosure

61 Five Year Summary

63 Financial Statements

125 Directors' Declaration

126 Independent Auditor's Report

128 Shareholder Information

133 Corporate Directory

Company Profile

Aristocrat Leisure Limited (ASX: ALL) is a leading global provider of gaming solutions. The Company is licensed by over 200 regulators and its products and services are available in over 90 countries around the world. Aristocrat offers a diverse range of products and services, including electronic gaming machines, video lottery terminal systems and casino management systems. The Group also operates within the on-line social gaming and real money wager markets. For further information visit the Group's website at www.aristocratgaming.com

Key Dates[1]

2013	
Record date for Final 2013 Dividend	5 December 2013
Payment date for Final 2013 Dividend	20 December 2013
2014	
2014 Annual General Meeting	19 February 2014
Interim Results Announcement (6 months ending 31 March 2014)	28 May 2014
Full Year Results Announcement (12 months ending 30 September 2014)	25 November 2014

1 Dates subject to change.

Directors' Report

For the 12 months ended 30 September 2013

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 2013 (the financial year). The information in this report is current as at 26 November 2013 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 Review of Operations 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 2013 was $107.2 million after tax and minority interests, compared to $45.5 million for the nine month period ended 30 September 2012 (the transitional financial year).

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

Dividends

Since the end of the financial year, the Directors have recommended the payment of a final dividend of 7.5 cents (2012: 2 cents) per fully paid ordinary share. Details of the dividends paid and declared during the financial year are set out in Note 7 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

The Sustainability Report contained within the 2013 Online Business Review 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:

Director	Experience and other directorships	Special responsibilities
ID Blackburne BSc (Hons), MBA, PhD Age 67	Nominated December 2009. Appointed 17 September 2010. – Chairman, Recall Holdings Limited (since 2013) – Director, Teekay Corporation (listed on the NYSE) (since 2000) – Former Chairman, CSR Limited and Australian Nuclear Science and Technology Organisation – Former Director, Suncorp-Metway Limited and Symbion Health Limited – Former Managing Director, Caltex Australia Limited	Non-Executive Chairman Member of each Board committee
JR Odell MBA Age 55	Nominated December 2008. Appointed May 2009. – 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	Managing Director and Chief Executive Officer

Current Directors continued

Director	Experience and other directorships	Special responsibilities
DCP Banks BBus (Mgt) Age 61	Nominated October 2010. Appointed 12 July 2011. – Former Group Chief Operating Officer of Galaxy Entertainment Group (Macau) – Former Chief Executive (Casinos Division) of Tabcorp Holdings Limited – Former Chief Executive Officer of Star City Holdings Limited – Former President, Australasian Casinos Association – Former Director, Australian Gaming Council	Member, Regulatory and Compliance Committee Member, Audit Committee
RA Davis BEc (Hons), M Philosophy Age 62	Nominated November 2004. Appointed June 2005. – Consulting Director Investment Banking, Rothschild Australia Limited – Chairman, Bank of Queensland Limited (since 2013, Director since 2008) – Director, Argo Investments Limited (since 2012), Trust Company Limited (since 2006) and Ardent Leisure Management Limited (since 2008) – Former Chairman, Centric Wealth Advisors Limited and Charter Hall Office REIT – Former Director, Territory Insurance Office – Former Senior Executive, Citicorp and CitiGroup Inc in the United States and Japan – Former Group Managing Director, ANZ Banking Group Limited	Chair, Audit Committee Member, Human Resources and Remuneration Committee
RV Dubs BSc (Hons), Dr ès Sc, FAICD Age 61	Nominated December 2008. Appointed June 2009. – Director, ASC Pty Ltd, ANU Enterprise Pty Ltd (since 2013) – 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, Human Resources and Remuneration Committee Member, Regulatory and Compliance Committee
LG Flock BA Age 60	Nominated December 2010. Appointed 29 November 2011. – Former Executive Vice President, Worldwide Publishing and Studios, THQ – Former President and CEO, Sony Online Entertainment – Former President, Sony Computer Entertainment and Sony Interactive Studios America	Member, Human Resources and Remuneration Committee Member, Audit Committee
SW Morro BA, Business Administration Age 55	Nominated December 2009. Appointed 17 December 2010. – Former Chief Operating Officer and President, IGT Gaming Division	Chair, Regulatory and Compliance 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
ID Blackburne	10/10	4/4	4/4	4/4
JR Odell	10/10			
DCP Banks	10/10	4/4		4/4
RA Davis	10/10	4/4	4/4	
RV Dubs	10/10		4/4	4/4
LG Flock	10/10	4/4	4/4	
SW Morro	10/10		4/4	4/4

Company Secretary

Mrs A Korsanos was Company Secretary during the financial year.

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 on-line 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

No material matters requiring disclosure in this Directors' Report have arisen since the end of the financial year. To the best of their knowledge, the Directors are not aware of any other matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect:

(a) the Group's operations in future financial years; or

(b) the results of those operations in future financial years; or

(c) the Group's state of affairs in future financial years.

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 Review of Operations which forms part of this Directors' Report.

The Directors believe that disclosure of further information as to likely developments in the operations of the Group and the likely results of those operations would, in their opinion, be speculative and/or prejudice the interests of the Group.

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, Japan, 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 30 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 30 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 Australian Securities and 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 the financial statements. Amounts in the Directors’ Report and the 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 and is signed for and on behalf of the Directors.

Dr ID Blackburne
Chairman

26 November 2013

Review of Operations

for the 12 months to 30 September 2013

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

A$ million	Constant currency[1] 12 months to 30 Sept 2013	12 months to 30 Sept 2013	Pro-forma[2] 12 months to 30 Sept 2012	Variance vs 12 months to 30 Sept 2012: Constant currency[1] %	Variance vs 12 months to 30 Sept 2012: Reported %
Reported results					
Total segment revenue from ordinary activities	796.3	813.8	843.3	(5.6)	(3.5)
Earnings before interest, tax and depreciation (EBITDA)	179.5	188.1	177.9	0.9	5.7
Earnings before interest and tax (EBIT)	137.9	145.3	139.7	(1.3)	4.0
Profit after tax	101.3	107.2	93.1	8.8	15.1
Profit after tax and non-controlling interest	101.3	107.2	91.7	10.5	16.9
Earnings per share (fully diluted)	18.3c	19.4c	16.7c	9.6	16.2
Total dividend per share[3]	14.5c	14.5c	6.0c	141.7	141.7
Balance sheet/cash flow					
Net working capital/revenue	24.7%	26.2%	16.5%	8.2 pts	9.7 pts
Operating cash flow	93.7	98.2	165.4	(43.3)	(40.6)
Cash flow per share (fully diluted)	16.9c	17.8c	30.2c	(44.0)	(41.1)
Closing net debt	197.8	208.2	191.8	3.1	8.6

1 Results for 12 months to 30 September 2013 adjusted for translational exchange rates using rates applying in 2012.

2 As disclosed on 2 May 2012, Aristocrat changed its financial year-end from 31 December to 30 September. As 2012 was the transitional reporting period, the Group reported a nine month period ended 30 September 2012.
All tables in this section compare to results for the 12 months ended 30 September 2012 as the comparative period, to enable meaningful data comparisons.

3 September 2012 comparative is the dividend per share for the nine months to 30 September 2012.

The information presented in this Review of Operations has not been audited in accordance with the Australian Auditing Standards.

Group performance summary

The Group's performance for the reporting period was ahead of the prior corresponding period with reported profit after tax and non-controlling interest of $107.2 million representing a 16.9% increase (10.5% in constant currency), compared to $91.7 million in the prior period. Reported fully diluted earnings per share of 19.4 cents represent a 16.2% increase on the prior corresponding period.

Fewer scheduled game releases in Japan impacted Group revenue, down 3.5% while reported EBIT grew 4.0%. Excluding the variability driven by the Japanese game release schedule, revenue increased 4.3% and EBIT increased 18.4%.

Operating cash flow of $98.2 million was 40.6% lower than the prior corresponding period, predominantly reflecting movement in working capital driven by the timing of revenues. This was influenced by the timing of the second Japanese game and Australian and North American growth in the September quarter driven by new product releases. The Group has continued to invest in its gaming operations install base as well as undertaken two acquisitions ($16.3 million) and funded higher dividends ($49.5 million). Net gearing has been maintained at 1.1 times.

Review of Operations

The Group's performance between periods is reconciled in the table below:

A$ million	12 months to 30 Sept
Profit after tax and non-controlling interest – 2012	91.7
EBIT (excluding Japan) increase	12.9 ↑
Japan EBIT decline	(14.7) ↓
Interest reduction	8.9 ↓
Income tax movement	1.1 ↓
Non-controlling interest	1.4 ↓
Foreign exchange movements	5.9 ↑
Profit after tax and non-controlling interest – 2013	**107.2**

2013 was another year of strong delivery, with double digit net profit after tax (NPAT) growth driven fundamentally by improved operational performance – including incremental share growth in the highly competitive US outright sales segment, share growth in the critical US gaming operations market, maintenance of our leading position in Asia Pacific markets and strongly performing Japan games. In Australia, overall performance was below expectations due to stronger competitive market conditions, and gaps in the games portfolio.

The Group's strategic investments in talent and technology are starting to deliver more competitive product in key markets and segments in line with its strategy. This was clear at the major trade shows in the US and Australia in the September quarter, with compelling, innovative and targeted offerings expected to drive sales and share growth in key markets and segments over 2014.

During the year, the Group has made significant investments in industry-leading creative and technical talent to accelerate game development and achieve a step change in product quality and enable penetration into new game segments. In addition to these investments in its core gaming markets, the Group has also integrated several strategic acquisitions in the online and social gaming space which have provided a cost-effective entry point into these future value streams.

Aristocrat took a significant step forward in digital, entering social gaming with the acquisition of Product Madness Inc. and Product Madness (UK) Ltd. (Product Madness). The Group successfully deployed game content into the social gaming and European online wager markets over the course of the year.

Review of Operations

Regional performance summary

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

1 **Americas**

- The business delivered operational improvements across key business segments demonstrated by higher unit sales, improved average selling price (ASP), significant growth in the Group's gaming operations footprint and continued growth in the Group's *OASIS*™ customer base.
- Further share growth in the gaming operations segment with the gaming operations install base increasing 11.9% to a record 7,562 units.
- Average fee per day (FPD) improvement in the second half was driven by new game releases.
- Achieved incremental ship share in the outright sales segment on the strength of new and improved game content and continued *Viridian WS*™ penetration.
- Continued growth in *OASIS*™ customer base with seven new installs during the last six months (12 installations during the last 12 months). The total customer base reached a new high of 294.

2 **Australia and New Zealand**

- The Australian business cycled through the benefit of one-off Victorian rebuild sales in the prior corresponding period.
- Underlying performance was below expectations due to stronger competitive market conditions and games portfolio gaps. These gaps have now been addressed with a stronger and broader portfolio showcased at AGE.
- September share led by momentum in NSW was significantly higher due to the AGE games portfolio.
- Brand interest of *Legends*™ range remains strong, with customers continuing to use the *Legends*™ segment to revitalise gaming floors with new technology.
- Launch of the first of the games, *Sparkling Jackpots*™ from our new third party studio, High Roller Games.
- Re-entry into the South Australian hotel and club market.
- Launch of new systems modules tailored to improving productivity within the hotel and small club market.
- Ongoing development of voluntary Pre-commitment modules for the Group's systems offering in this market.

3 **Rest of World and Japan**

- Maintained number one market share position across the Asia Pacific region including securing circa 50% share of the Solaire Casino opening in the Philippines.
- Re-entry into the Korean market and continued growth across the Asia Pacific region.
- Release of two games in Japan (*Zettai Shogeki 2*™ and *High School of the Dead*™). Both of these games performed well in the market, achieving stable and high performance, ranking in the top ten performing games (measured by medal in) released this calendar year.
- Revenue growth in Europe following successful launch of the *Viridian*™ *Hybrid Stepper* and Feature Top Box.
- Completed acquisition of Product Madness and successful deployment of Aristocrat content into the social gaming arena. Overall average revenue per daily active user (ARPDAU) was US 9c at period end and is currently US 11c. Our recently launched Aristocrat-content lobby, *Heart of Vegas*™ is monetising ahead at US 16c.
- Growing deployment of content into European wager (210 deployments).

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

Americas: In local currency, North American revenue increased by 6.6% to US$383.6 million, and profit was up 9.3% to US$139.2 million. Latin America revenue increased by 4.3% to US$31.3 million and profit was up 147.9% to US$11.9 million, driven by an increase in units sold and a lower mix of customers for which profit is recognised on a cash basis.

North American unit sales increased 10.2% over the prior corresponding period and ship share grew incrementally. Unit sales revenue was up 16.2%, driven by the volume increase and an improvement in ASP. The gaming operations install base grew 11.9% with average FPD decreasing by 3.1% to US$41.64. The decline in FPD was largely a result of the sustained legacy footprint of the business which earns lower revenue however yields strong margins. Systems revenue was down 8.1% on the prior corresponding period, driven by the size of prior period installations, while profitability of the business improved.

In Latin America, revenue in USD terms increased 4.3% due to an increase in unit sales volumes and an increased emphasis on recurring revenue with the introduction of premium themes such as *Tarzan*®.

Australia and New Zealand: On a constant currency basis, in the 12 months to 30 September 2013, revenue decreased by 8.1% to A$191.5 million, and segment profit decreased 7.5% to A$76.8 million, primarily due to the one-off sales of Victorian rebuild units sold in the prior period as a result of regulatory change.

In the absence of this regulatory change, revenue was down 2.6% and segment profit in line with the prior year. Despite increasing competition, margins were maintained through an improved mix driving a 9.3% increase in ASP and disciplined cost management. New Zealand continued to be impacted by a limited game portfolio with new games only coming online late in the reporting period.

Rest of World and Japan: Segment performance decreased on the prior corresponding period, predominantly driven by the number of game releases in Japan. Revenue decreased by 20.9%, in constant currency terms, to A$202.4 million and profit decreased 24.9% to A$59.8 million.

Revenue in the International – Class III segment was down 4.5% to A$119.4 million and profits were down 14.8% to A$52.2 million in constant currency terms. Revenue decline was primarily driven by lower buying activity in Macau and Singapore, and tighter South African markets partially offset by an improvement to Lotteries & Online following the acquisition of Product Madness.

In Japan, the Group released two games into the market this reporting period compared to three games in the corresponding period. This drove a 47.1% decrease in revenue in local currency and a Yen 1,218.4 million decrease in profit to Yen 875.8 million. *Zettai Shogeki 2*™ released in March generated sales of 4,970 units and *High School of the Dead*™ released in August generated sales of 9,482 units.

The variability of the Japan result highlights the nature of this business with earnings largely dependent on the timing of a very small number of key game releases.

Lotteries and Online revenues increased compared to the prior corresponding period, due to the Product Madness acquisition.

Review of Operations

Profit and loss

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

Summary profit and loss

A$ million	12 months to 30 Sept 2013	12 months to 30 Sept 2012	Variance	Variance %
Segment revenue				
Australia and New Zealand	192.3	208.4	(16.1)	(7.7)
Americas	421.9	379.0	42.9	11.3
Rest of World and Japan	199.6	255.9	(56.3)	(22.0)
Total segment revenue	**813.8**	**843.3**	**(29.5)**	**(3.5)**
Segment profit				
Australia and New Zealand	77.0	83.0	(6.0)	(7.2)
Americas	154.1	128.9	25.2	19.6
Rest of World and Japan	59.9	79.6	(19.7)	(24.7)
Total segment profit	**291.0**	**291.5**	**(0.5)**	**(0.2)**
Unallocated expenses				
Group D&D expense	(118.9)	(117.8)	(1.1)	0.9
Foreign exchange	(1.9)	(5.5)	3.6	(65.5)
Corporate	(24.9)	(28.5)	3.6	(12.6)
Total unallocated expenses	**(145.7)**	**(151.8)**	**6.1**	**(4.0)**
EBIT	**145.3**	**139.7**	**5.6**	**4.0**
Interest	(11.3)	(20.2)	8.9	(44.1)
Profit before tax	**134.0**	**119.5**	**14.5**	**12.1**
Income tax	(26.8)	(26.4)	(0.4)	1.5
Profit after tax	**107.2**	**93.1**	**14.1**	**15.1**
Non-controlling interest	-	(1.4)	1.4	(100.0)
Profit after tax and non-controlling interest	**107.2**	**91.7**	**15.5**	**16.9**

Key metrics

	% of revenue		Variance
Segment profit margin	12 months to 30 Sept 2013	12 months to 30 Sept 2012	Pts
Australia and New Zealand	40.0	39.8	0.2
Americas	36.5	34.0	2.5
Rest of World and Japan	30.0	31.1	(1.1)
Overall segment profit margin	**35.8**	**34.6**	**1.2**
Group D&D expense	14.6	14.0	0.6
Earnings before interest and tax	17.9	16.6	1.3
Profit after tax and non-controlling interest	13.2	10.9	2.3
Effective tax rate	20.0	22.1	(2.1)

Review of Operations

Revenue
Revenue growth was predominantly driven by the Americas and Online. This was offset by lower contributions from Japan, Australia and Asia Pacific. Segment revenue decreased $29.5 million or 3.5% in reported currency (5.6% in constant currency), predominantly driven by the timing of game releases in Japan. Revenue increased 4.3% (1.1% in constant currency) when adjusted for the variability driven by the Japanese game release schedule.

Earnings
Segment profit decreased $0.5 million in reported currency, 0.2% compared with the prior corresponding period (2.7% in constant currency). Excluding the variability from Japan year on year, segment profit increased $15.0 million or 5.6% in reported currency or $6.7 million (2.5%) in constant currency.

Consistent with revenue delivery, stronger earnings from the Americas and Lotteries and Online were offset by Japan, Australia and Asia Pacific. This result reinforces the value of a global portfolio where Group EBIT performance remained steady despite the diversity in operating business results.

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. This capability has been further enhanced with recent exclusive arrangements made with key game designers joining Aristocrat and further investment in technology to support improvements in quality and future income streams. The Group's investment in D&D spend, as a percentage of revenue, was 14.6% (14.8% on a constant currency basis) compared to 14.0% of revenues in the prior corresponding period. Total reported spend increased $1.1 million or 0.9% (decreased 0.1% in constant currency). The Group increased its leverage of D&D spend with further utilisation of the Aristocrat Indian Development Centre (AIDC) coupled with restructuring across Australia and North America.

Cost control remains a key focus for the Group, with further actions undertaken in the current period to reduce the Group's fixed cost base. Corporate costs declined 12.6% compared to the prior corresponding period.

The downward trend in net interest expense was maintained and is representative of the Group's conservative gearing levels. Net interest expense has decreased $8.9 million or 44.1%. This was principally due to lower average debt levels and reduced borrowing costs. The decrease was greater if adjusted for implied interest of $1.1 million relating to Product Madness acquisition accounting.

The effective tax rate (ETR) for the reporting period was 20.0% compared to 22.1% in the prior corresponding period. The decrease in ETR is mainly driven by R&D tax concession claims and mix of earnings.

Balance sheet and cash flows

The balance sheet can be summarised as follows:

Balance sheet

A$ million	30 Sept 2013	31 Mar 2013	30 Sept 2012
Net working capital	213.1	174.1	139.3
Other current/non-current assets	90.4	82.1	85.6
Property, plant and equipment	106.9	94.8	102.6
Intangibles	151.1	123.2	104.6
Other current/non-current liabilities	(59.7)	(53.8)	(52.2)
Net tax balances	81.8	83.2	88.5
Funds employed	**583.6**	**503.6**	**468.4**
Net debt	(208.2)	(185.1)	(191.8)
Total equity	**375.4**	**318.5**	**276.6**

Significant balance sheet movements from 30 September 2012 are:

Net working capital: Net working capital increased to 26.2% of annual revenue from 16.5%, driven mainly by an increase in trade receivables. Trade receivables have been particularly impacted by the timing of revenues, influenced by the second game in Japan, and growth in the September quarter in the Americas and Australia driven by new product releases.

Other current/non-current assets: The $4.8 million increase primarily relates to an increase in non-current trade debtors in the Americas in accordance with the growth in this region.

Property, plant and equipment: The $4.3 million increase primarily relates to gaming operations investment in North America.

Review of Operations

Intangible assets: The $46.5 million increase relates primarily to the acquisition of Product Madness and the acquisition of technology, an internet gaming system and remote game server, which together account for $36.3 million of the increase. Foreign exchange movements drive a $12.5 million increase.

Net tax balances: The $6.7 million decrease relates to a decrease in deferred tax assets primarily due to a decrease in provisions and utilisation of carried forward losses.

Total equity: The change in total equity predominantly reflects net reported profit of $107.2 million for the period.

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

A$ million	12 months to 30 Sept 2013	12 months to 30 Sept 2012
Net debt – opening balance (30 September)	(191.8)	(300.7)
Net cash inflow from operating activities	**98.2**	**165.4**
Investing cash flows	(53.1)	(40.9)
Financing cash flows	(51.1)	(19.6)
Movement in net cash	**(6.0)**	**104.9**
Effect of exchange rate changes on net debt	(10.4)	4.0
Net debt – closing balance (30 September)	**(208.2)**	**(191.8)**

Total net cash outflows were $6.0 million compared to net inflows of $104.9 million in the prior corresponding period. This has been driven by lower operating cash flows and an increase in investing and financing cash flows.

Fully diluted operating cash flow per share decreased from 30.2 cents to 17.8 cents.

The key driver for the reduction in operating cash flows compared to the prior corresponding period was the timing of revenues influenced by the second game in Japan and growth in the September quarter in the Americas and Australia driven by new product releases.

The net cash outflow from investing activities primarily represents the acquisitions of Product Madness, the purchase of an internet gaming system and remote game server, and investments in property, plant and equipment, including for gaming operations in North America.

The net cash flow from financing activities relates to the payments of dividends. Dividend payments in the prior corresponding period were lower as well as funded by way of an underwritten DRP (Dividend Reinvestment Plan).

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

Net debt at 30 September 2013 was $208.2 million which was an increase of $16.4 million from 30 September 2012. Gross debt increased $22.9 million from 30 September 2012.

The Group remains committed to prudently managing its borrowing and gearing levels.

Bank facilities

The Group had committed bank facilities of $375.0 million at 30 September 2013, of which $237.4 million was drawn compared to $214.5 million at 30 September 2012. Net debt levels at 30 September 2013 increased by $16.4 million over the 12 months to $208.2 million.

The Group's facilities are summarised as follows:

Term Debt	30 Sept 2013	31 March 2013	30 Sept 2012
Drawn	A$237.4m	A$210.2m	A$214.5m
Limit	A$375.0m	A$375.0m	A$375.0m
Maturity date	October 2015	October 2015	October 2015

Debt ratios

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

Ratio	30 Sept 2013	31 March 2013	30 Sept 2012
EBITDA[1]/interest expense[2]	12.4X	10.6X	8.6X
Debt/EBITDA[1]	1.2X	1.2X	1.2X
Net debt/EBITDA[1]	1.1X	1.0X	1.1X

1 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.

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

Dividends

The Directors have authorised a final dividend in respect of the full year ended 30 September 2013 of 7.5 cents per share ($41.4 million). Total dividends in respect of the 2013 year amount to 14.5 cents per share and represent a payout ratio of 74.6% of normalised earnings.

The dividend will be unfranked and is expected to be declared and paid on 20 December 2013 to shareholders on the register at 5.00pm on 5 December 2013. 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 shares acquired on-market to satisfy those shares to be provided under the Plan. In accordance with the DRP rules, the DRP price will be calculated by reference to the arithmetic average of the daily volume weighted average prices over a period of five days commencing on 6 December 2013 and ending on 12 December 2013. No discount will apply in determining the DRP issue price. The number of ordinary shares DRP participants will receive will be rounded down to the nearest share.

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

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 2013, the Australian dollar was, on average, marginally weaker against the US dollar; however, it was much stronger against the Yen when compared to the prior corresponding period. The impact of translating foreign currency (translational impact) increased revenue by $17.5 million while increasing reported profit after tax and non-controlling interest by $5.9 million on a weighted average basis when compared with rates prevailing in the respective months in the prior year.

In addition, as at 30 September 2013, the cumulative effect of the retranslation of the net assets of foreign controlled entities (recognised through the foreign currency translation reserve) was $73.3 million (compared to $97.6 million as at 30 September 2012).

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 $1.0 million translational impact on the Group's annual reported profit after tax. This impact will vary as the magnitude and mix of overseas profits change.

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

				12 months to 30 Sept 2013	12 months to 30 Sept 2012
A$:	30 Sept 2013	31 Mar 2013	30 Sept 2012	Average[1]	Average[1]
USD	0.9309	1.0426	1.0464	0.9906	1.0350
NZD	1.1248	1.2464	1.2533	1.2096	1.2874
JPY	91.13	98.08	81.05	91.93	81.57
EUR	0.6900	0.8155	0.8093	0.7534	0.7957
GBP	0.5760	0.6890	0.6437	0.6349	0.6545
SEK	5.9878	6.8064	6.8247	6.4823	6.9876
ZAR	9.4114	9.6518	8.6093	9.2352	8.3402

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

Regional segment review

In this review, segment profit/(loss) represents earnings before interest and tax, and before abnormal items, charges for D&D expenditure and corporate costs. The total amount of these items is disclosed in the Group's statement of comprehensive income. Constant currency amounts refer to 2013 results restated using exchange rates applying in 2012.

Americas

US$ million	12 months to 30 Sept 2013	12 months to 30 Sept 2012	Variance	Variance %
Revenue				
North America	383.6	360.0	23.6	6.6
Latin America	31.3	30.0	1.3	4.3
Total	**414.9**	**390.0**	**24.9**	**6.4**

US$ million	12 months to 30 Sept 2013	12 months to 30 Sept 2012	Variance	Variance %
Profit				
North America	139.2	127.4	11.8	9.3
Latin America	11.9	4.8	7.1	147.9
Total	**151.1**	**132.2**	**18.9**	**14.3**
Margin	36.4%	33.9%	–	2.5 pts

North America	12 months to 30 Sept 2013	12 months to 30 Sept 2012	Variance	Variance %
Volume				
– Platforms	10,146	9,206	940	10.2
– Conversions	6,216	7,178	(962)	(13.4)
Average US$ price/unit	15,194	14,415	779	5.4
Average US$ price/unit (excluding rebuilds into secondary market)	15,636	14,675	961	6.5
Gaming operations units	7,562	6,757	805	11.9
Gaming operations US$/day	41.64	42.97	(1.33)	(3.1)

Latin America	12 months to 30 Sept 2013	12 months to 30 Sept 2012	Variance	Variance %
Volume				
– Platforms	2,765	2,439	326	13.4
– Conversions	117	314	(197)	(62.7)
Average US$ price/unit	9,230	10,163	(933)	(9.2)

Review of Operations

In local currency, North American revenue increased 6.6% and profits increased by 9.3%. Overall profit margin increased 0.9 points to 36.3%, on continued operational improvements across all key business segments: outright sales, gaming operations and systems.

10,146 units were sold in the period, representing a 10.2% increase compared to the prior corresponding period. ASP also increased for new and rebuild units with the overall ASP increasing 5.4% to US$15,194 per unit, compared to the prior corresponding period. New unit ASP increased 6.5%. Sales of software conversions decreased 13.4% to 6,216 units on lower Class II software sales (Class III conversions were up 9.9%).

In a highly competitive market, the Group also continued to grow its gaming operations footprint driven by a successful mix of both proprietary and licensed new titles including *Cash Express Gold Class*™ *Buffalo Stampede*™, *Superman Video*™ and *Let's Make a Deal*™, and the continued popularity of the *Tarzan*® franchise. The install base grew by 11.9% in the period to 7,562 units, driving improved share. Average FPD declined 3.1% to US$41.64 for the 12 months to 30 September 2013 compared to an average of US$42.97 in the prior corresponding period. Compared to the first six months of the reporting period, the trend in average FPD was favourable with the improvement driven by the mix of product being placed. The key driver of the decline in average FPD has been the sustained legacy footprint of the business which earns lower revenue however yields strong margins. The Group's ability to maintain this legacy footprint while continuing to aggressively grow its install base with new higher yielding average FPD product supports share growth in this highly competitive segment of the market. Average FPD will improve with continued expansion of the Group's install base through the placement of new product on our *Wonder Wheels*™ platform and in particular MSP product. As previously stated, the Group intends to grow its share of MSP product, expanding on the *Tarzan*® footprint and releasing new MSP themes such as *Walking Dead*™ and *Batman*™ which will further support improvement in the FPD.

During the period, the business installed 12 *OASIS*™ Casino Management Systems into new sites, continuing to drive an increase in the total number of properties which use the *OASIS*™ Casino Management System in North America, now at a new record of 294. The number of new installations was broadly in line with the prior corresponding period (13 new installations); however, prior period revenues were higher based on the size of the installations whilst systems maintenance revenue grew on the cumulative impact of the larger installed base. As a result, total systems profitability improved by 6 percentage points.

Despite the competitive market environment, the Group is targeting continued growth in unit sales compared to the prior corresponding period through entry into the entertainment segment and continued focus on core games. A number of *E*series*™ games will be launched throughout the year, with the first *Sky Rider*™ already approved in key jurisdictions. The release of the new *Legends*, *Wonder 4* and *Jackpot* series will continue to drive core market growth. In addition, new gaming operations products including *Flashdance*™, *Walking Dead*™, *Tarzan*® *of the Apes and Rolling Stones*™ plus *Batman*™ and *Superman 1978*™ on the *Wonder Wheels*™ platform are expected to drive continued growth in the installed base and average FPD. The business also expects strong growth from its systems business with more new installations planned and continued sales of new system modules.

In Latin America, platform sales volume was up 13.4%, while overall ASP decreased by 9.2% due to a higher mix of rebuilds. Revenue increased 4.3% in local currency and profit increased 147.9% due to a lower mix of customers for which profit is recognised on a cash basis.

Review of Operations

Australia and New Zealand

A$ million	Constant currency 12 months to 30 Sept 2013	12 months to 30 Sept 2012	Variance	Variance %
Revenue				
Australia	179.7	193.9	(14.2)	(7.3)
New Zealand	11.8	14.5	(2.7)	(18.6)
Total	**191.5**	**208.4**	**(16.9)**	**(8.1)**

A$ million	Constant currency 12 months to 30 Sept 2013	12 months to 30 Sept 2012	Variance	Variance %
Profit				
Australia	74.2	79.8	(5.6)	(7.0)
New Zealand	2.6	3.2	(0.6)	(18.8)
Total	**76.8**	**83.0**	**(6.2)**	**(7.5)**
Margin	40.1%	39.8%	–	0.3 pts

Australia	12 months to 30 Sept 2013	12 months to 30 Sept 2012	Variance	Variance %
Volume				
– Platforms	5,481	6,768	(1,287)	(19.0)
– Conversions	6,805	6,427	378	5.9
Average A$ price/unit	16,590	15,185	1,405	9.3
Average A$ price/unit (excluding Victorian rebuild sales)	16,590	16,925	(335)	(2.0)

New Zealand	12 months to 30 Sept 2013	12 months to 30 Sept 2012	Variance	Variance %
Volume				
– Platforms	363	411	(48)	(11.7)
– Conversions	413	537	(124)	(23.1)
Average NZ$ price/unit	19,955	19,878	77	0.4

Review of Operations

Australian revenue and profit fell 7.3% and 7.0% respectively to $179.7 million and $74.2 million compared to the prior corresponding period. This predominantly reflects the regulatory driven Victorian rebuild sales opportunity delivered in the prior corresponding period. The business maintained margins and ASP increased 9.3% to $16,590 driven by the improved mix.

Excluding Victorian rebuilds, revenue decreased 1.4% while profit and units increased 0.6% and 1.6% respectively. The underlying new product ASP reduced 2.0% driven by games mix. The business drove higher conversion sales into the install base with *Viridian WS*™ conversions becoming an increasing proportion of the mix. Underlying performance was below expectations due to stronger competitive market conditions and gaps in the games portfolio. These gaps have now been addressed with the new portfolio showcased at AGE. AGE showcased exciting, targeted and purpose-built Australian style and jackpot products – demonstrating early benefit from our D&D investment, including world-class creative and technical capability focused on key Australian market segments. The business exits the year with good momentum off the back of a successful AGE with a broader product portfolio that is performing in the market.

Investment in external games studios during the financial year has supported the development of a broader portfolio, with the 2014 product pipeline representing a further step-up in game quality and portfolio breadth.

The New Zealand result continued to be impacted by a limited game portfolio and capital constraints in the Casino segment.

Rest of World and Japan

A$ million	Constant currency 12 months to 30 Sept 2013	12 months to 30 Sept 2012	Variance	Variance %
Revenue				
International – Class III	119.4	125.0	(5.6)	(4.5)
Japan – Pachislot	61.6	116.5	(54.9)	(47.1)
Lotteries and Online	21.4	14.4	7.0	48.6
Total	**202.4**	**255.9**	**(53.5)**	**(20.9)**

A$ million	Constant currency 12 months to 30 Sept 2013	12 months to 30 Sept 2012	Variance	Variance %
Profit				
International – Class III	52.2	61.3	(9.1)	(14.8)
Japan – Pachislot	10.6	25.3	(14.7)	(58.1)
Lotteries and Online	(3.0)	(7.0)	4.0	57.1
Total	**59.8**	**79.6**	**(19.8)**	**(24.9)**
Margin	29.5%	31.1%	–	(1.6) pts

	12 months to 30 Sept 2013	12 months to 30 Sept 2012	Variance	Variance %
Volume – Class III Platforms	6,269	5,861	408	7.0
Volume – Pachislots	14,458	28,833	(14,375)	(49.9)
Total VLTs in operation	5,493	6,282	(789)	(12.6)
Pachislot average ¥ price/unit	346,395	331,182	15,213	4.6

The Rest of World (ROW) segment result was down on the prior corresponding period, predominantly driven by the timing of game releases in Japan. Revenue and profit decreased by 20.9% and 24.9% respectively in constant currency.

International – Class III
Revenues in Asia Pacific were down 7.1% due to lower buying activity in Macau during the second half, influenced by anticipated regulatory change. Despite lower buying activity in Macau, the Group continued to hold share in this key market and across the Asia Pacific region. Excluding new openings, revenues outside of Macau and Singapore grew over 20% as the Group continued to broaden its presence in the region. The key new opening in the period was the Solaire Casino in the Philippines with the Group achieving circa 50% share of the floor.

Europe's revenue growth in local currency terms of 37.3% was delivered on the back of the successful launch of the *Viridian*™ *Hybrid Stepper* and Feature Top Box in the first half and a continued focus on the Tier 1 market of France and Tier 2 markets of Germany, Holland, Slovenia and Spain. Continued growth in these markets will be supported by the Group's ability to leverage and rapidly deploy US product into the region.

In South Africa, trading conditions remain tight with the three Casino Operators engaging in significant system upgrades that constrained capital and drove a revenue decline of 18.7%. Despite this decline, the business continued to maintain its leading market share position in the Class III segment. It is anticipated that the Casino Operators will revert to normal purchasing cycles in 2014.

Japan – Pachislot
The Pachislot market shipped an estimated 1.3 million units in the reporting period, an increase of circa 10.1% on the prior corresponding period. The Group released two games into the Japanese market this reporting period compared to the three games in the corresponding period, driving a 49.9% decrease in unit volumes and a 47.1% reduction in revenue (in local currency). Total sales of *Zettai Shogeki 2*™ were 4,970 units and *High School of the Dead*™, released in August, achieved 9,482 units. Both of these games performed well in the market and were ranked in the top ten best games released this calendar year (measured by medal in). The Group continues to target a two to three game per annum distribution strategy for this market, with two games planned for 2014. The timing of game releases is expected to continue to contribute to volatility in performance between reporting periods.

Lotteries and Online
Aristocrat Online revenues increased compared to the prior corresponding period, but were partially offset by a reduction in Lotteries revenues due to lower VLT sales. Overall revenues increased by 48.6% in constant currency terms.

In November 2012, the Group acquired Product Madness, a leading social gaming platform, to leverage value from its Class III premium game content in the fast-growing social and mobile channels. Following integration, towards the end of the reporting period, the Group began deployment of Aristocrat content into the social environment through the *Heart of Vegas*™ Facebook application. In spite of only recently deploying native content into the application, the market's desire for land-based content has been realised through higher monetisation rates, expected to grow as the Group continues to inject the Aristocrat library into the application. Overall ARPDAU was US 9c at period end and is currently US 11c. *Heart of Vegas*™ is monetising ahead at US 16c.

Aristocrat Online continues to penetrate the European regulated wager markets through the Group's strategic content licensing partnerships. During the second half, over 100 games were live and the Group's distribution network of online operators expanded rapidly. At year end, the Group had a total of 210 game deployments live across a network of 30 operators. The Group is focused on the acquisition of key Tier 1 operator partnerships and recently signed distribution deals are expected to provide a meaningful uplift in revenue into 2014. Games such as *Choy Sun Doa*™, *Where's the Gold*™, *More Chilli*™ and *Lucky 88*™ are translating into sustained performance that is the hallmark of Aristocrat games in markets worldwide. While this is not a material contributor to Group profit, it demonstrates the strength of and demand for Aristocrat content.

The total VLT install base was reduced by 789 units when compared with the prior corresponding period at 5,593 units and the mix has changed with 989 fewer VLTs in Cogetech and a 5.1% increase in Norsk Tipping.

Review of Operations

Business strategies and prospects for future financial years

In accordance with ASIC Regulatory Guide 247, the following sections have been added to the Review of Operations for the first time:

- Business strategies and prospects for future financial years.
- Material risks to business strategies and prospects for future financial years.

The Company's strategy is structured around three key pillars:

- Core momentum – to drive a more competitive core business to achieve our strategic objectives of delivering a sustainable business – now and into the future.
- Industry and business transformation – to enable our technology and leverage our content in high-growth, emerging distribution channels.
- People and culture – to build a high performance organisation with a positive culture across our global business.

The strategies described below are expected to provide revenue growth and further diversify revenue sources for the Company.

Core momentum

Core momentum is about focusing on producing the best content by market and segments and encompasses our short to mid-term growth drivers. The Group's traditional land-based markets include Australia, Asia Pacific, North America and EMEA with segmentation focused on for-sale product, gaming operations and systems products.

As these traditional land-based markets continue to mature, we are increasingly focused on share taking. This strategy requires careful product segmentation in order to appropriately leverage our design and development base across a diverse portfolio of markets with focus on innovation and product differentiation.

Over the past year, we have invested in the acquisition of key talent and strengthened our insights function to enhance our ability to aggressively take share in the following categories:

- Traditional Australian Style Content – through brand extension and building new brands.
- Entertainment Style Segment – through purpose-built games and specialist creative talent.
- Recurring Revenue Segment – through securing industry talent and key licensed brands to accelerate growth.
- Jackpot Products – through investments in a new dedicated studio and specialist creative talent.

Industry and business transformation

With the progress we are making in our core business, we now find ourselves in a position to look outward to an evolving gaming sector and consider new ways to invest wisely and enter emerging distribution channels.

Whether online/digital gaming, server-based gaming, centrally served gaming systems, mobile gaming or social gaming in Facebook, players are increasingly choosing to interact with content in new distribution channels that do not involve a stand-alone gaming machine. At the same time, players are demanding new and innovative content in our core business that requires us to adapt through new and better platforms and tools. These changes create opportunity for Aristocrat as a producer of the world's greatest gaming content.

Over the past financial year we have taken a disciplined approach and invested wisely in emerging value streams. As always we are guided by our commitment to generate superior and sustainable shareholder returns over the long term.

Aristocrat took a significant step forward in digital, entering social gaming with the acquisition of Product Madness. The Group successfully deployed game content into the social gaming and European online wager markets over the course of the year.

People and culture

Fostering our people and culture is fundamental to driving our success. Attracting, retaining and developing the best talent, celebrating and learning from the diversity present within our global organisation and embedding our core values and behaviours are all fundamental traits of a high performance culture and what will enable the successful execution of the Group's strategic priorities.

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 risks still remain, many of which are not directly in 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. The Group also has an Internal Audit and Risk Management function which, supported by external advisers, provides independent and objective assurance on the effectiveness of our governance, risk management and internal control processes.

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 material business risks which, once identified, are captured on the global risk register. Material business risks are regularly reported to the Board via the Audit Committee along with their controls and treatments.

The main risks affecting the Company 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 activities. 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.

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, 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.

Review of Operations

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.

Intellectual property
The gaming industry is constantly employing new technologies in both new and existing markets. The Group relies on a combination of patents and other technical security measures to protect our products, and continues to apply for patents protecting such technologies.

Competitors and others may infringe on our intellectual property rights, or may allege that we have infringed on theirs. Monitoring infringement and misappropriation of intellectual property can be difficult and expensive. We may also incur significant litigation expenses protecting or defending our intellectual property.

The Group has an established framework to identify and protect its global intellectual property assets as well as monitor infringement by competitor products.

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

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. 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.

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

for the 12 months ended 30 September 2013

Introduction

The Directors of Aristocrat Leisure Limited (Company) present the Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001* (Cth) (the Act) and Corporations Regulation 2M.3.03 for the Aristocrat Group of companies (Group) for the year ended 30 September 2013.

This Remuneration Report discusses the 12 month period ended 30 September 2013 (the Reporting Period). The Group changed its financial year-end to 30 September, the first of which occurred on 30 September 2012. As a result, the comparative information presented in this Remuneration Report relates to the prior nine month financial year ended 30 September 2012 (the September 2012 Transitional Financial Year) unless otherwise indicated.

The information provided in this Remuneration Report has been audited as required by section 308(3C) of the Act. This Remuneration Report forms part of the Directors' Report.

The Remuneration Report details the policy and principles that govern the remuneration of the Company's Non-Executive Directors and the Group's Senior Executives (as that term is defined below), the link between remuneration policy and principles and the Group's performance for the Reporting Period, and the remuneration and service agreements of Senior Executives.

Contents

The Remuneration Report begins with an executive summary which provides a 'plain English' explanation for shareholders as to how the Group's remuneration framework works and the key outcomes and events which occurred during the Reporting Period.

This Remuneration Report is set out in the following sections:

Section 1 – Executive Summary

Section 2 – Human Resources and Remuneration Committee

Section 3 – Senior Executive remuneration policy and structure

Section 4 – Non-Executive Director remuneration

Section 5 – Link between remuneration and Group performance

Section 6 – Remuneration tables and data

Section 7 – Shareholdings

Below is an overview of the components of remuneration of the Senior Executives and Non-Executive Directors. Further details on each remuneration component are set out in the corresponding page in the Remuneration Report.

Table 1 Components of remuneration

Remuneration component		Participants		
		CEO and Managing Director	Senior Executives (excluding CEO and Managing Director)	Non-Executive Directors
Fixed	**Fixed remuneration**	☑ (page 33)	☑ (page 33)	
	Fees			☑ (page 40)
Short Term Incentive		☑ (page 33)	☑ (page 33)	
Long Term Incentive		☑ (page 36)	☑ (page 36)	
Post-employment	**Superannuation**	☑ (page 43)	☑ (page 43)	☑ (page 40)

Key definition

The term 'Senior Executives' is used throughout this Remuneration Report to mean the group of executives consisting of:

- the Chief Executive Officer (CEO) and Managing Director; and
- key management personnel (KMPs) with authority and responsibility for planning, directing and controlling the activities of the Group during the Reporting Period.

Table 4 details the Group's Senior Executives during the Reporting Period.

Section 1 Executive Summary

The Group aims to deliver sustainable, superior returns to its shareholders. The remuneration strategy adopted by the Group is a key driver in achieving these objectives and in attracting, motivating, rewarding and retaining senior management. As such, the Group has developed a remuneration framework that is aligned with the Group's business strategy, is globally relevant, performance and outcome driven, competitive and transparent.

The Group's remuneration policies are compliant with the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011* (the Executive Remuneration Legislation) and the recommendations from the Corporations and Markets Advisory Committee (CAMAC).

1.1 Implications of the change of financial year-end

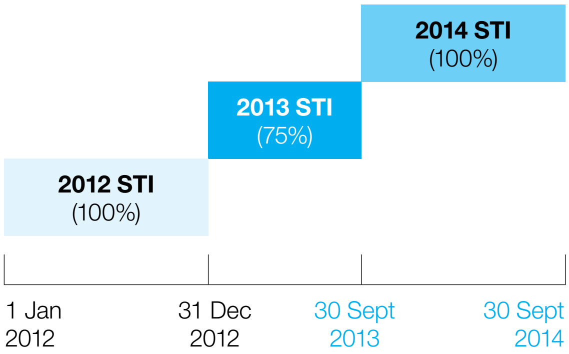
As set out in section 5 of this Remuneration Report, the Group's remuneration framework is aligned to Group performance and value growth for shareholders. As a result, the 'at-risk' component of total target remuneration is linked to Group performance over one or more financial reporting periods. As a result of the change to the Group's financial year-end (the first of which occurred on 30 September 2012 resulting in a nine month reporting period), certain transitional arrangements have been approved by the Board to ensure that remuneration continues to be linked to underlying performance. This section sets out the transitional arrangements approved by the Board to maintain the critical link between performance and rewards and to motivate staff for achieving measurable superior outcomes, in a manner that is open and transparent to all stakeholders.

Short Term Incentive (STI) program

STI targets and related key performance objectives (KPOs) for the 2012 calendar year were set prior to the announcement of the change in the Group's financial year-end. The Board decided to not change STI targets or amend KPOs to reflect a financial year ending 30 September 2012 in order to preserve the integrity of those 12 month KPOs. As a consequence, a nine month performance period (1 January 2013 to 30 September 2013) was established as a transition period for STI performance and reward purposes. For this transitional period, STI target opportunities were set at 75% of the 12 month target (1 January 2013 to 31 December 2013) to reflect a nine month performance period.

The table below illustrates these transitional arrangements.

Table 2 STI program transitional arrangements



The Remuneration Report for the nine month period to 30 September 2012 (the 2012 Remuneration Report) did not reflect the assessment or award of STI in Tables 3 (Summary of actual payments) and 18 (Details of STI awards paid and deferred) as the performance period (being 12 months to 31 December 2012) concluded after the end of that reporting period. Therefore, STI awards reported in Tables 3 and 18 of this Remuneration Report reflect STI awards attributable to an aggregate 21 month period (i.e. awards for both the 12 months to 31 December 2012 and the nine months to 30 September 2013).

The transitional arrangements for STI have now concluded and STI for the financial year ending 30 September 2014 will revert back to a 12 month reward with performance tested over the 12 month audited reporting period.

Long Term Incentive (LTI) program
2012 LTI targets and performance conditions for the three year performance period (1 January 2012 to 31 December 2014) were set prior to the announcement of the change in the Group's financial year-end. As set out in the 2012 Remuneration Report, the decision was made not to change the LTI performance period or amend performance conditions in relation those grants.

As a transitional measure, 2013 LTI grants have been calculated using the participant's long term incentive opportunity (LTI Opportunity) for the nine months to 30 September 2013 (being 75% of the annual grant). Performance share rights (PSRs) will only vest if performance conditions are satisfied at the end of the three year performance period (1 October 2012 to 30 September 2015).

As set out in the 2013 Notice of Annual General Meeting, the Board considers that these transitional arrangements align the LTI program with the new financial year while continuing to link senior executive remuneration to increasing shareholder value and achieving long-term financial targets.

The 2012 Remuneration Report did not reflect the assessment of the 2010 LTI grant as the performance period (being three years to 31 December 2012) concluded after the end of that reporting period. At the 2013 Annual General Meeting, it was disclosed that the performance criteria for the 2010 LTI grant had not been met and awards have subsequently been forfeited.

Similarly, as vesting of the 2011 LTI grant cannot be determined until the conclusion of the performance period (being three years to 31 December 2013), no LTI vesting with regard to this grant is reported in Table 3. Table 17 reflects the accounting accruals for LTI grants made during 2011, 2012 and 2013 (including credits for the 2010 LTI grant which was forfeited during the reporting period).

The 2011 Remuneration Report noted that the growth targets set by the Board for the 2011 LTI award (Relevant EPS) will be disclosed in the remuneration report published in respect of the year in which PSR vesting is tested (i.e. the Remuneration Report for the financial year ending 30 September 2014). However, to ensure timely disclosure, an announcement with regard to targets and assessment of the 2011 LTI award (in relation to both Relative TSR and Relevant EPS) will also be made prior to the Annual General Meeting (AGM) on 19 February 2014.

1.2 Remuneration initiatives
The Board and management are mindful of the challenging economic and business environment facing the Group and the extensive public debate on remuneration practices. A review of the Group's remuneration practices, including the variable pay programs, was completed in 2010 in order to align remuneration programs with business goals and outcomes and sustainable superior shareholder returns.

As detailed in the 2010 and 2011 Remuneration Reports, the review identified a number of possible refinements both in the structure and measurement of the Group's pay programs. These refinements were implemented during 2010 and 2011 calendar years.

The integrity of the Group's remuneration structure following the implementation of these refinements meant wholesale changes were not required during the Reporting Period. However, the Board continues to closely monitor the Group's remuneration practices in the changing market.

1.3 Overview of Senior Executive remuneration approach and framework
The key features of the Group's Senior Executive remuneration framework are outlined below. Detail is provided in section 3 of this Remuneration Report.

Fixed/variable 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 approach is consistent with generally accepted Australian corporate practice. The Board views the at-risk component as an essential driver of a high performance culture and superior shareholder returns.

Market positioning – Senior Executives receive competitive fixed remuneration comprising cash salary, superannuation and other benefits which make up the 'fixed remuneration' component of their total remuneration package. Fixed remuneration is reviewed annually against the external market and compared to similar roles from a specifically identified peer group of companies based on market capitalisation and in similar circumstances to the Company (in terms of highly regulated operations and significant presence outside Australia) to ensure competitive positioning.

Short Term Incentive (STI) program – The STI program provides rewards for achievement of financial performance goals (the 'Business Score') and individual performance goals (the 'Individual Performance Score') during the performance period. 2013 STI target opportunities were set at 75% of the usual 12 month target to reflect the nine month 'transitional' performance period.

Senior Executives can earn between nil and 200% of that Senior Executive's target STI, subject to the satisfaction of business and individual performance objectives.

For Senior Executives participating in the STI program, part of the STI is delivered in cash and the remainder is deferred for up to 24 months as an equity award.

As Share Rights are granted at the conclusion of the performance period (i.e. following testing of the performance criteria) and are then used as a retention tool, the Board has determined that an amount (based upon the dividends paid by the Company during the deferral period) will accrue on the Share Rights and will be paid in cash at the end of the deferral period to the extent that the Share Rights vest.

Long Term Incentive (LTI) program – The LTI program provides participants with grants of performance share rights (PSRs) that vest based on the Company's three year:

(i) total shareholder return relative to the return on the S&P/ASX 100 Index (in relation to 30% of the PSRs granted); and

(ii) growth in fully diluted earnings per share from operating activities compared to targets set by the Board (in relation to 70% of the PSRs granted).

2013 LTI grants have been calculated using the participant's long term incentive opportunity for the nine months to 30 September 2013 (being 75% of the annual grant).

Any PSRs which vest will be converted automatically into fully paid ordinary shares. Holders of LTI PSRs are not entitled to dividends until the rights have vested and converted into shares.

1.4 Remuneration outcomes for the Reporting Period

The following is a high level summary of the Company's remuneration outcomes for the 12 months ended 30 September 2013.

Total remuneration – the total target remuneration for JR Odell increased by 3% over the prior 12 month period (representing a total increase of 10.39% since his commencement in 2009).

STI outcomes – 66% of Group target STI was awarded for the nine month performance period to 30 September 2013. Table 19 provides full details of the 2013 STI awards for Senior Executives. Table 18 provides full details of the outcomes of the 2012 STI awards for Senior Executives which were also tested during the Reporting Period.

LTI outcomes – no LTI grants vested during the 12 months to 30 September 2013 as the performance hurdles for the 2010 LTI grants were not met at the conclusion of the performance period, being 31 December 2012.

1.5 Disclosure of actual payments

Table 3 sets out the actual value of remuneration received by Senior Executives for the Reporting Period, derived from the various components of their remuneration. The information in the table is different from that which appears in Table 17. Table 17 is prepared in accordance with the Corporations Act and measured in accordance with accounting standards and includes expense amounts for items such as PSRs awarded in the current and prior financial years and other amounts which are expensed over the period in which they vest or before the period paid.

As a result of the Group's change of financial year, the following table presents the actual value of remuneration received by Senior Executives during the 12 months to 30 September 2013 (including STI awards attributable to an aggregate 21 month period given the timing of award testing) compared to the actual value of remuneration received by Senior Executives for the prior nine month financial year ended 30 September 2012.

Table 3 Summary of actual payments

	Total fixed remuneration	Cash STI [1]	Deferred STI vested [2]	LTI vested [3]	Other [4]	Total
CEO and Managing Director						
JR Odell						
12 months to 30 Sept 2013	**1,371,497**	**658,100**	**140,089**	**–**	**44,026**	**2,213,712**
9 months to 30 Sept 2012	998,400	–	–	–	19,856	1,018,256
Executive KMP						
A Korsanos						
12 months to 30 Sept 2013	**569,548**	**290,000**	**57,787**	**–**	**13,063**	**930,398**
9 months to 30 Sept 12	400,485	–	–	–	8,377	408,862
TJ Croker						
12 months to 30 Sept 2013	**561,972**	**238,000**	**43,779**	**–**	**9,340**	**853,091**
9 months to 30 Sept 2012	404,614	–	–	–	7,160	411,774
A Bali [5]						
12 months to 30 Sept 2013	**559,981**	**324,376**	**–**	**–**	**22,237**	**906,594**
9 months to 30 Sept 2012	152,374	–	–	–	98,916	251,290
TOTAL						
12 months to 30 Sept 2013	**3,062,998**	**1,510,476**	**241,655**	**–**	**88,666**	**4,903,795**
9 months to 30 Sept 2012	1,955,873	–	–	–	134,309	2,090,182

1 In relation to the '12 months to 30 September 2013', this figure represents the cash STI awards attributable to an aggregate 21 month period (i.e. awards for both the 12 months to 31 December 2012 and the nine months to 30 September 2013). As the 2012 STI was determined after the conclusion of the performance period being 12 months to 31 December 2012, the cash component was not capable of being reflected in the 2012 Remuneration Report. Tables 18 and 19 provide details on the amounts awarded for each of the 12 and nine month periods.
Details of the Group's STI program are outlined in section 3.2.1.

2 The amount reflects the value of deferred STI Share Rights from previous years that have vested in the financial year determined using the closing price of the Company's shares on the vesting date. For this Reporting Period, these amounts reflect the first tranche (50%) of the 2011 Deferred STI share rights which vested on 2 January 2013 (closing share price $3.18). The number of share rights was determined using the five day VWAP up to and including 31 December 2011 (the end of the performance period), being $2.27.

3 This figure represents the value of long term incentives that have vested during the Reporting Period and determined using the closing price of the Company's shares on the vesting date.
This figure excludes the value of unvested performance share rights issued in respect of long term incentives granted in the 2011, 2012 and 2013 financial years that may vest in future financial years.
Details of the Group's LTI program are outlined in section 3.2.2.

4 This figure includes long service leave accruals, non-monetary benefits and the value of deferred share rights vested during the Reporting Period under the General Employee Share Plan (GESP).

5 A Bali joined the Company on 30 June 2012. 'Other' amounts for A Bali in the nine months to 30 September 2012 include one-off relocation costs.

1.6 Overview of Non-Executive Director remuneration

The key features of the Non-Executive Director remuneration framework are outlined below. Detail is provided in section 4 of this Remuneration Report.

Market comparisons – Non-Executive Directors are paid a base fee (inclusive of superannuation and committee membership) for service to the Board. The Chair of each committee receives an additional fee for that service. Fees are not linked to the performance of the Group, in order to maintain the independence and impartiality of the Board. The fees are set with consideration to fees paid in companies of a similar size and complexity and the onerous probity requirements placed on Non-Executive Directors by regulators of the global jurisdictions in which the Group operates.

Non-Executive Director and the Chairman's fees were both reviewed during the course of the Reporting Period with new fees becoming effective 1 April 2013. Table 13 sets out the fees which applied during the Reporting Period. Table 23 sets out total fees payable to the Non-Executive Directors for the 12 months to 30 September 2013 compared to the nine months to 30 September 2012.

Fee pool – Non-Executive Directors' fees are set by the Board within the maximum annual aggregate amount (fee cap) of $2,000,000 approved by shareholders at the AGM in February 2013. Prior to this, the annual fee cap was $1,750,000.

Other benefits – 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. The Group does not make sign-on payments to new Non-Executive Directors. No retirement allowances are payable to Non-Executive Directors.

Section 2 Human Resources and Remuneration Committee

Details of the composition and responsibilities of the Human Resources (HR) and Remuneration Committee are set out in the Corporate Governance Statement. These responsibilities include making recommendations to the Board on Non-Executive Director and executive remuneration pay, policy and structure.

In making recommendations to the Board, the HR and Remuneration Committee considers proposals from management and seeks advice from external advisers from time to time to assist in its deliberations. The Board has appointed EY as the Company's 'Remuneration Consultant' for the purposes of the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011*.

During the Reporting Period, EY provided independent advice to the Board in its review of remuneration arrangements. Remuneration advisers are engaged by the Chairman of the HR and Remuneration Committee with an agreed set of protocols to be followed by the advisers, the HR and Remuneration Committee and management that determine the way in which remuneration recommendations would be developed and provided to the Board. This process is intended to ensure there could be no undue influence by KMP for whom any recommendations may relate.

No remuneration recommendations, as defined by the Corporations Act 2001[1], were made by the remuneration advisers during the Reporting Period. The Board is satisfied that the remuneration information received from EY was free from undue influence by Board members or any of the KMP to whom the information relates.

1 A Remuneration Recommendation is a recommendation about (i) how much remuneration should be and/or (ii) what elements the remuneration should have, for members of the Group's key management personnel (KMPs). It does not include the provision of market data, advice about the operation of the law or accounting principles or the provision of information of a general nature relevant to all employees of the Group.

Section 3 Senior Executive remuneration policy and structure

The following table lists all the Senior Executives referred to in this Remuneration Report.

Table 4 Senior Executives

CEO and Managing Director	
JR Odell	CEO and Managing Director
Executive KMP	
A Korsanos	Chief Financial Officer and Company Secretary
TJ Croker	Managing Director, Australia and New Zealand (ANZ) and Asia Pacific
A Bali	President, Americas

3.1 Board policy on Senior Executive remuneration

Aristocrat's Senior Executive remuneration approach is designed to remunerate executives for increasing shareholder value and achieving financial targets and business strategies. It is also designed to attract, motivate, retain and reward appropriately qualified and experienced executives. Accordingly, the Board considers it desirable for remuneration packages of Senior Executives to include both a fixed component and an at-risk or performance related component (governing both short term and long term incentives). The approach is consistent with generally accepted Australian corporate practice. The Board views the at-risk component as an essential driver of a high performance culture. The HR and Remuneration Committee has recommended, and the Board has adopted, a policy that remuneration will:

(a) 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;

(b) provide a common interest between executives and shareholders by aligning the rewards that accrue to management to the creation of shareholder value; and

(c) be competitive in the markets in which the Group operates in order to attract, motivate and retain high-calibre executives.

The Board also considers it important that key employees have ongoing share ownership in the Company through the award of performance share rights (PSRs).

3.2 Components of remuneration for Senior Executives

As indicated above, current remuneration for Senior Executives comprises fixed remuneration, a short term incentive and a long term incentive (as demonstrated diagrammatically below).

Table 5 Components of remuneration

Market competitive	Annual performance-based	Shareholder interest aligned
Attract and retain executive talent in a highly competitive global market	Reward for contribution to annual Group, business unit outcomes and achievement of personal objectives	Reward for long-term shareholder value creation

Total remuneration

Fixed remuneration	**Performance-based 'at-risk' remuneration**	
Between 40-50% of total target annual remuneration	Between 50-60% of total target annual remuneration	
– Comprising cash salary, superannuation and other benefits – Positioned comparably to other companies of similar market capitalisation and global competitors	**Short Term Incentive program** Targets linked to annual performance at a: – Group level – Business unit level – Individual level	**Long Term Incentive program** Performance condition based on: – Total shareholder return – Earnings per share growth

Creation of high performance culture

The Group's remuneration policy requires that remuneration levels properly reflect the duties and responsibilities of Senior Executives. Typically, when Senior Executives meet target levels of performance, the combined elements of remuneration are designed to provide remuneration at the market median. For superior performance, the Group aims to remunerate Senior Executives in the range between the market median and the 75th percentile for total remuneration, in comparison to benchmark companies. Factors such as the comparative size of the role and the individual's experience in the role are considered in setting remuneration levels relative to the policy.

The Board aims to achieve a balance between fixed and performance related components of remuneration. The actual remuneration mix for the Senior Executives will vary depending on the level of performance achieved at a Group, business unit and individual level. Where stretch targets for short term and long term incentives are met, then the proportion of total remuneration derived from at-risk components will be higher. This higher weighting of performance related remuneration reflects the Board's commitment to performance-based rewards.

The relative target proportions of Senior Executive remuneration that are at-risk and those that are fixed are as follows:

Table 6 Details of remuneration: fixed and at-risk as a percentage of target remuneration

Name	Fixed remuneration %	At-risk – STI %	At-risk – LTI[1] %	Total %
CEO and Managing Director				
JR Odell	40	20	40	100
Executive KMP				
A Korsanos	50	25	25	100
TJ Croker	50	25	25	100
A Bali	40	30	30	100

1 Represents the target remuneration package value at grant assuming all performance conditions have been met, excluding any contractual severance entitlements.

For full details of Senior Executive remuneration for the Reporting Period, refer to Table 17.

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.

Fixed remuneration is reviewed annually against the external market and compared to similar roles from a specifically identified peer group of companies based on market capitalisation and in similar circumstances to the Company (in terms of highly regulated operations and significant presence outside Australia) to ensure competitive positioning. The international nature of the Group's operations and the global responsibilities of the Senior Executives, in addition to the mix of knowledge, skills, experience and performance are considered when determining remuneration. The onerous probity requirements placed on certain Senior Executives by regulators of the global jurisdictions in which the Group operates are also considered in determining remuneration levels.

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 receive other benefits, including salary continuance, trauma, death and disability insurance. Executives are able to maintain memberships to appropriate professional associations. As appropriate, expatriate executives receive additional support including accommodation allowances, travel and life insurance and taxation advice.

Senior Executives do not receive retirement benefits other than those disclosed in Table 12.

3.2.1 Short Term Incentive (STI) program
What is the STI and who participates?
The STI program is an annual incentive program that, in respect of Senior Executives, may involve a cash and/or equity-based reward, payable subject to the satisfaction of performance conditions.

Participants in the STI include Senior Executives and other employees who hold positions that are identified as being able to directly influence the Group's performance.

What are the maximum and minimum amounts that Senior Executives can earn under the STI?
Senior Executives can earn between nil and 200% of that Senior Executive's target STI, subject to the satisfaction of business and individual performance objectives.

As set out in Table 6, the target STI of a Senior Executive will vary from 20% to 30% of their total remuneration depending on the role, seniority of the individual and geographical location.

As a result of the change of financial year end, a nine month performance period (1 January 2013 to 30 September 2013) was established as a transition period for STI performance and reward purposes. For this transitional period, 2013 STI target opportunities were set at 75% of the 12 month target (1 January 2013 to 31 December 2013) to reflect a nine month performance period.

3.2.1 Short Term Incentive (STI) program continued

What are the maximum and minimum amounts that Senior Executives can earn under the STI? continued

No payment is made under the STI program if minimum performance across the Group (i.e. the 'Business Score', as defined below) does not meet the required threshold, being the achievement of a Business Score of 85% or greater. 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.

Equally, no payment is made unless individual performance objectives are achieved at a satisfactory level, signified by the Board approving an Individual Performance Rating of 'Meets Most Requirements' or better. The Individual Performance Rating is further explained below.

In combination, incentive opportunities increase with improved Business and Individual performance with higher range payments achievable when both the Business and the Individual have performed at a superior level. See Table 8 STI matrix.

What are the performance objectives for Senior Executives participating in the 2013 STI program?

The performance conditions for Senior Executives participating in the 2013 STI program are the 'Group Score' and the Senior Executive's 'Individual Performance Rating'. A matrix of these performance conditions determines the final incentive payable.

For regional participants (below the Executive Leadership Team level), the Business Score is a combination of the Group Score and the Regional Score while for corporate participants the Business Score is the Group Score.

The Business Score is determined as set out in the table below:

Table 7 Business Score

Business Score	
The Business Score is a combination (average) of the Group Score and the Regional Score.	
Group Score (50%)	**Regional Score** (50%)
– Net Operating Profit After Tax (NOPAT)	– Local Contribution Profit (LCP)
– Average Funds Employed (AFE)	– Local Average Funds Employed (LAFE)

The Individual Performance Rating is an assessment of the performance of each Senior Executive against key performance objectives specific to their role and responsibilities. The Individual Performance Score has four ratings and ranges from 'Underperforms' (lowest) to 'Exceeds Requirements' (highest).

Subject to Board discretion, the final incentive payout is determined in accordance with the following matrix (the percentages are those of the participant's STI target):

Table 8 STI matrix

Business Score	**Individual Performance Score (% of target STI)**			
	Underperforms	**Meets Most Requirements**	**Meets Requirements**	**Exceeds requirements**
<85%	0%	0%	0%	0-50%[1]
85-99%	0%	40-60%	70-90%	100-120%
100-114%	0%	60-80%	100-120%	140-160%
115-129%	0%	80-100%	120-140%	160-180%
>=130%	0%	100-120%	140-160%	180-200%

1 Subject to Board discretion.

What are the Individual Performance Ratings?
The following ratings summary is used to assess individual performance for all STI program participants:

Table 9 Individual Performance Ratings

Underperforms	Meets Most Requirements	Meets Requirements	Exceeds Requirements
– is not meeting many of the inherent requirements of the job and/or delivering the expected results – is not exhibiting some or many of the corporate behaviours	– has achieved most, but not all, of their objectives – exhibiting some of, but not all, of the corporate behaviours – may be new to role and demonstrating strong potential	– meets the expectations of their job – clearly and consistently demonstrates the corporate behaviours	– has achieved all of their stretch objectives at a superior level – role models the corporate behaviours
STI eligibility			
Not eligible for STI. Executive has underperformed.	Limited STI eligibility subject to business performance.	Target range STI eligibility subject to business performance.	Expanded STI eligibility subject to business performance.

Individual key performance objectives are determined for each Senior Executive to deliver the Group's short-term and long-term success, in line with the business plan. These cover areas including:

- safety, health and environment;
- product innovation and great game content;
- growth and new market development;
- product performance, compliance and customer service;
- value-based leadership, behaviours and developing people;
- financial results;
- operational improvements;
- productivity outcomes; and
- other personally attributable budget goals.

Why were these performance conditions chosen?
The Board considers these performance measures to be appropriate as they are aligned with the Group's objectives of delivering profitable sustainable growth and sustainable superior returns to shareholders. 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. Financial targets are established following Board review and approval of the annual plan for the following year.

Who assesses performance and when?
In respect of the performance of the CEO and Managing Director, the Board assesses performance against the performance conditions with the benefit of advice from the HR and Remuneration Committee.

In respect of the Senior Executives (other than the CEO and Managing Director), the CEO and Managing Director assesses the Senior Executive'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.

The assessment process as set out above is consistent with current market practice.

3.2.1 Short Term Incentive (STI) program continued

Is the STI a cash award and when is it paid?

For Senior Executives participating in the STI program, part of the STI is delivered in cash and the remainder is deferred as an equity award. If an STI award is at target, a minimum of 50% of the award will be deferred as an equity award (Share Rights). The Board has the discretion to determine the percentage which will be deferred as an equity award if the award is less or greater than target. During the deferral period, dividends will be accrued and will be paid at the end of the deferral period to the extent that the Share Rights vest.

Once the HR and Remuneration Committee recommends and the Board determines that the performance conditions have been met, the payment of cash and the grant of rights in the Company's shares (Share Rights) will also then be approved.

Fifty percent (50%) of the Share Rights granted to the Senior Executive will vest after one year and the remaining 50% will vest after two years. There will be no additional performance conditions applicable to the vesting of the Share Rights to the Senior Executive, with the exception of the continued employment by the Senior Executive with the Group (see below for further information on forfeiture of Share Rights).

The Share Rights will be issued at the volume-weighted average price (VWAP) over the five trading days immediately prior and including the last day of the performance period (for the 2012 STI this was 31 December 2012 and for the 2013 STI this was 30 September 2013).

Tables 18 and 19 set out the number of Share Rights issued to Senior Executives under the 2012 and 2013 STI programs.

Can the Share Rights be forfeited?

Unvested Share Rights will be forfeited if the Senior Executive leaves the Group's employment. The Board has discretion to determine otherwise for a 'Qualifying Reason' (such as death, redundancy or if the participant is a 'good leaver') or any other reason. 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 or underperformance or they resign from the Company.

Specific information relating to the percentage of the STI which was paid and the percentage that was forfeited for the Senior Executives is set out in Table 18.

Is there a clawback mechanism?

The Group's STI program rules contain clawback provisions which apply to awards from the financial year commencing 1 January 2011 onwards. Pursuant to the provisions, 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 CEO and Managing Director and Executive Leadership Team.

The Board considers that the clawback provisions enhance the Group's remuneration governance framework by providing an additional control to ensure reward is aligned to performance and shareholder interests.

3.2.2 Long Term Incentive (LTI) program

This section summarises the terms of the 2013 LTI program (Series 22 and 23).

What is the LTI?

The LTI program links reward with ongoing creation of shareholder value through the grant of equity instruments known as 'performance share rights' (PSRs). Each PSR granted will entitle the participant to one ordinary share in the Group, subject to satisfaction of performance conditions.

Details of the grants made to Senior Executives during the 2013 financial year are set out in Table 20.

Who participates in the LTI?

Participants in the LTI program include Senior Executives as well as any employee of the Group who is invited by the Board to participate. Following the most recent review of incentive arrangements across the Group, the Board determined that participation in the LTI program will be limited to the Executive Leadership Team (ELT) in 2013. Details of the ELT can be found on the Group's website www.aristocratgaming.com

What are the key terms of the PSRs?

PSRs are granted at no cost to the participant. Each PSR granted will entitle the participant to one ordinary share in the Company, subject to satisfaction of performance conditions set by the Board in respect of the grant.

If the relevant performance conditions are satisfied at the end of the performance period, then the PSRs will vest automatically and fully paid shares in the Company will be allocated to the participant at no cost.

PSRs granted under the plan are not transferable. Participating Senior Executives are prohibited from entering into hedging arrangements in respect of unvested PSRs.

Performance measures, the designated performance period and the quantity of the PSRs offered to each participant are determined by the Board on advice from the HR and Remuneration Committee. Further information in relation to the performance conditions and performance periods are set out below.

Why does the Board consider the LTI to be an appropriate incentive?

The LTI facilitates share ownership by the Senior Executives and other key employees and links a significant proportion of their potential remuneration with the key performance drivers which underpin sustainable and superior shareholder returns.

How are the number of PSRs determined?
The actual number of PSRs to be granted to a Senior Executive will be determined by dividing their 'LTI Opportunity' in current dollar terms by the Estimated Fair Value of the rights at the start of the performance period (being 1 October 2012 for the 2013 LTI grant).

As a result of the change of financial year end, 2013 LTI grants were calculated using the participant's LTI Opportunity for the nine months to 30 September 2013 (being 75% of the annual grant).

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.

The Estimated Fair Value is based on an accounting valuation performed by an independent third party. The Estimated Fair Value will not be equal to the market value of a share at the commencement of the performance period as PSRs are contingent rights to shares in the future. The Estimated Fair Value at the commencement of a performance period is influenced by the Company's share price, the volatility of the underlying shares, the risk-free rate of return, the expected dividend yield, the time to maturity and the likelihood that vesting conditions will be met.

What are the performance conditions for the PSRs?
The Board has determined that the following performance metrics will continue to apply to 2013 PSR grants:

- total shareholder return relative to the return on the S&P/ASX 100 Index (Relative TSR) in relation to 30% of the PSRs granted; and
- earnings per share growth compared to a target set by the Board at the commencement of the performance period (Relevant EPS) in relation to 70% of the PSRs granted.

Series 22 and 23 PSRs were granted in 2013. The performance period for Series 22 and 23 is 1 October 2012 to 30 September 2015.

Table 20 sets out further information on the PSRs granted to Senior Executives in 2013.

How is the number of vested PSRs determined?
Series A – Relative TSR performance condition (30% of total PSRs)
Relative TSR performance will be assessed over a three year period which will commence at the start of the financial year during which the PSRs are granted.

In order for any of the PSRs to vest pursuant to the Relative TSR performance condition, the Company's compound TSR (calculated by reference to share price appreciation plus dividends) must be equal to or greater than the compound TSR return of the S&P/ASX 100 Index over the performance period.

The link between the Company's TSR performance and the percentage of the PSRs which will vest pursuant to the Relative TSR performance condition is represented in the following table:

Table 10 TSR vesting percentages

Company TSR performance	% of vesting of PSRs
Less than the return on the S&P/ASX 100 Index.	0%
Equal to the return on the S&P/ASX 100 Index.	50%
Exceeding the return on the S&P/ASX 100 Index by up to 10% per year (compound).	Between 50% and 100%, increasing on a straight line basis
Exceeding the return on the S&P/ASX 100 Index by 10% or more per year (compound).	100%

Series B – Relevant EPS performance condition (70% of total PSRs)
The Relevant EPS performance condition is measured by comparing the Company's aggregate EPS over three years against the aggregate 'minimum' EPS and the 'maximum' EPS thresholds as set by the Board at the beginning of the performance period. EPS is defined as core earnings per share from continuing operations, calculated before specific items and divested operations. The EPS targets set by the Board for the performance period will be disclosed in the remuneration report published in respect of the year in which PSR vesting is tested.

As the Relevant EPS component is determined as the aggregate EPS performance over a three year period, the extent of vesting of the EPS component of the LTI cannot be determined until the conclusion of the three year performance period.

3.2.2 Long Term Incentive (LTI) program continued

The link between the Company's EPS performance and the percentage of the PSRs which will vest pursuant to the Relevant EPS performance condition is represented in the following table:

Table 11 EPS vesting percentages

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

Why were these performance conditions chosen?

The Board selected Relative TSR as a performance measure on the basis that it:

- ensures an alignment between comparative shareholder return and reward for the executive; and
- provides a relative, external, market-based performance measure against those companies with which the Company competes for capital and talent.

The Board selected Relevant EPS as a performance measure on the basis that it:

- is a relevant indicator of increases in shareholder value; and
- is a target that provides a suitable line of sight for executives.

The Board considered these measures appropriate to enhance the linkage of long-term shareholder wealth to long term remuneration outcomes. Relative TSR rewards Senior Executives when the Company achieves above average shareholder returns relative to performance of companies on the S&P/ASX 100 Index, while Relevant EPS rewards Senior Executives for profit growth in real terms.

The Board's rationale for weighting the performance conditions 70% to EPS and 30% to TSR are as follows:

- relevant EPS is more reflective of true Group and executive performance when targeting long term sustainable growth following the Group's turnaround program;
- the inherent volatility of the gaming industry makes relative measures less indicative of underlying performance (the hurdle is usually either missed or exceeded by a significant degree);
- the ASX has only a limited number of gaming industry companies;
- as Aristocrat continues to increase its presence in global markets, it is increasingly relevant to look beyond ASX listed companies for meaningful performance comparisons. The Board will take these factors into consideration when setting EPS thresholds; and
- the need to maintain relevance of the LTI program for US participants.

Who assesses performance and when?

Relative TSR and Relevant EPS results are calculated by the remuneration adviser, as soon as practicable after the end of the relevant performance period. The remuneration adviser's calculations are considered by the Board to determine vesting outcomes. This process is consistent with current market practice.

Is there any retesting of performance conditions?

The performance conditions are tested only at the end of the performance period. There is no retesting of performance conditions.

Are the shares granted upon vesting of PSRs subject to restrictions?

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

Are the shares issued or acquired on-market?

It is the current policy of the Group to acquire shares on-market to satisfy the vesting of PSRs. The Board also has discretion to issue new shares to satisfy vesting of PSRs when they believe it to be appropriate.

What happens if the Senior Executive ceases employment during the performance period?
If a participant in the LTI program ceases employment with the Group during the first 12 months of the performance period, regardless of whether it is because of a 'Qualifying Reason' (such as death, redundancy or if the participant is a 'good leaver') or otherwise, then any PSRs in relation to that performance period will lapse.

If a participant ceases employment with the Group after the first 12 months of the performance period and the cessation is due to:

- a 'Qualifying Reason' (as defined in the LTI Plan Rules and includes death, total and permanent disability, redundancy or if the Board determines that the participant is a 'good leaver'), the Board may determine in its absolute discretion that some or all of the PSRs in relation to that performance period remain on foot and will vest subject to satisfaction of the performance conditions at the end of the performance period; and
- any other reason than because of a 'Qualifying Reason', any PSRs in relation to that performance period will lapse.

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 or underperformance or they resign from the Company.

Where a participant acts fraudulently, dishonestly or is, in the Board's opinion, in breach of his or her obligations to the Group, then any unvested PSRs will lapse and any shares in the Group allocated but not yet withdrawn pursuant to the terms of the LTI Plan Rules will be forfeited.

3.3 Service agreements

The remuneration and other terms of employment for the Senior Executives are formalised in service agreements, which have no specified term. Each of these agreements provide for performance related bonuses under the STI program (the terms of which are described in section 3.2.1), and participation, where eligible, in the Group's LTI program (the terms of which are described in section 3.2.2). Other major provisions of the service agreements of the Senior Executives are as follows:

Table 12 Service agreements

	Notice to be given by executive	Notice to be given by Group[1]	Termination payment	Post-employment restraint
CEO and Managing Director				
JR Odell	6 months	12 months	12 months (fixed remuneration)	12 months
Executive KMP				
A Korsanos	3 months	3 months	6 months (fixed remuneration)	6 months
TJ Croker	3 months	3 months	6 months (fixed remuneration)	6 months
A Bali	3 months	–	12 months (fixed remuneration)	12 months

1 Payments may be made in lieu of notice period.

The service agreement of the CEO and Managing Director, JR Odell, was amended effective 1 October 2012. The key changes were to increase JR Odell's non-compete from six to 12 months, increase in the notice JR Odell must give the Company from three to six months and increase in the notice the Company must give to JR Odell from nine to 12 months. This variation means that the termination benefit provisions of the Corporations Act (section 200B) will apply to JR Odell's service agreement despite the fact it pre-dates November 2009.

3.4 Share trading policy

The Group'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 the Company's securities and from using Company securities as security for a margin loan or similar funding arrangements.

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

Section 4 Non-Executive Director remuneration

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

4.1 Board policy on Non-Executive Director remuneration

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 adviser 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.

4.2 Components and details of Non-Executive Director remuneration

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

Non-Executive Directors' fees (including committee fees) are set by the Board within the maximum aggregate amount of A$2,000,000 approved by shareholders at the AGM in February 2013. Prior to this the annual fee cap was A$1,750,000. The reasons the Board sought this fee cap increase are set out in the 2013 Notice of Annual General Meeting (NoM). The NoM also flagged that the Board would review fees throughout the Reporting Period.

Table 13 below shows the structure of fees payable to Non-Executive Directors during the Reporting Period. Prior to 1 April 2013, the base Non-Executive Director fee and Chairman's fee had remained unchanged since 1 July 2005 and 1 July 2007 respectively.

Table 13 Non-Executive Director fees

1 April 2013 to 30 September 2013

Board fees per annum	Committee Chair fees
A$200,000 for Non-Executive Director[1]	Additional A$15,000 for Committee Chair[2]
A$425,000 for Chairman[2]	

1 October 2012 to 31 March 2013

Board fees per annum	Committee Chair fees
A$185,000 for Non-Executive Director[1]	Additional A$15,000 for Committee Chair[2]
A$365,000 for Chairman[2]	

1 Inclusive of statutory superannuation obligations made on behalf of Australian-based Non-Executive Directors and committee membership.
2 Inclusive of statutory superannuation obligations and all committee service.

The regulatory requirements of the environment in which the Company 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. These requirements are taken into account in determining the fees payable to Non-Executive Directors.

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.

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

The remuneration details of Non-Executive Directors for the Reporting Period are set out in Table 23.

Section 5 Link between remuneration and Group performance

Over the past five financial years, the Board has set financial performance targets for management to align executive incentives to the achievement of those targets. When target performance is achieved, target executive rewards are earned. When above target performance is achieved, executives earn above target rewards pursuant to the Short Term Incentive (STI) program (see section 3.2.1). Remuneration continues to be aligned to Group performance and value growth for shareholders.

STIs were not paid in 2009 or 2010 as the necessary performance hurdles were not met. In 2011, the Board considered it appropriate to make half of the cash pool available for total Group STI payments. This decision was made to provide incentives for executives to deliver an improvement in Group performance over the 2010 result, while recognising that the 2011 result continued to be below historical performance trends.

The Board is pleased that awards under the 2012 STI program have been paid as it reflects Group NPAT performance increases of 128% and 69% respectively over the relevant prior nine and 12 months corresponding periods. Group NPAT for the 12 months to 30 September 2013 also represented an increase of 16.9% over the prior 12 month period, resulting in 66% of total Group target 2013 STI being awarded. The Board continues to set stretch targets with the aim of aligning shareholder returns with Senior Executive reward.

As set out below, the Performance Share Rights (PSRs) granted to participants between 2006 and 2010 as part of the Long Term Incentive (LTI) program did not vest as the necessary performance hurdles were not met. For the minimum threshold to be achieved under these grants (50 percent vesting), the Company's performance (TSR and EPS percentile ranking) had to be at the 50.1st percentile compared to the 'comparator group'. Further details of these grants can be found in the Remuneration Report in respect of the year of the grant.

Table 14 Summary of vesting

Performance period	1 Jan 2010 to 31 Dec 2012	1 Jan 2009 to 31 Dec 2011	1 Jan 2008 to 31 Dec 2010	1 Jan 2007 to 31 Dec 2009	1 Jan 2006 to 31 Dec 2008
Total shareholder return (TSR) performance	Below median	Below median	Below median	Below median	Below median
Earnings per share (EPS) performance	Below median	Below median	Below median	Below median	Below median
Implication for vesting	0% of award vested for the performance period ended 31 December 2012	0% of award vested for the performance period ended 31 December 2011	0% of award vested for the performance period ended 31 December 2010	0% of award vested for the performance period ended 31 December 2009	0% of award vested for the performance period ended 31 December 2008

As vesting of the 2011 LTI grant cannot be determined until the conclusion of the performance period (being three years to 31 December 2013), no vesting with regard to this grant can be reported during the 12 months to 30 September 2013. Table 17 includes the accounting accrual for the 2011 LTI grant during the reporting period.

The 2011 Remuneration Report noted that the targets set by the Board for the 2011 LTI award will be disclosed in the remuneration report published in respect of the year in which PSR vesting is tested (i.e. the Remuneration Report for the financial year ending 30 September 2014). However, to ensure timely disclosure, an announcement with regard to the assessment of the 2011 LTI award will also be made prior to the 2014 AGM (scheduled for 19 February 2014).

The implementation of the Deferred Equity Employee Plan (DEEP) program means that participants (below the Senior Executive level) have a significant percentage of their annual incentive opportunity deferred into share rights, with trading restrictions and forfeiture conditions applying for a further two years. DEEP operates as an extension to the STI program and is subject to identical performance conditions. Participants of DEEP are not eligible to participate in the LTI program.

5.1 Earnings

The Group's earnings over the past five years are summarised below.

Table 15 Group earnings

	2013[1] $M	2012[2] $M	2011[3] $M	2010[4] $M	2009[5] $M
Revenue	813.8	843.3	709.0	684.6	908.6
Earnings before interest and tax	145.3	139.7	110.8	84.7	169.9
Profit before tax	134.0	119.5	85.5	71.2	156.1
Profit after tax before non-controlling interest	107.2	91.7	66.9	55.2	116.9

1 No items were included in the statutory profit for the year that were not representative of the underlying performance of the Group.

2 These amounts are in relation to the 12 months to 30 September 2012. They are based on unaudited information and have been reconstructed from previously released data. No items were included in the statutory profit for the 12 months to 30 September 2012 that were not representative of the underlying performance of the Group.

3 No items were included in the statutory profit for the year that were not representative of the underlying performance of the Group.

4 Before the impact of the profit from the disposal of investment in jointly controlled entity, the abnormal gain from the convertible bonds litigation, restructuring costs and impairment of gaming operations assets, which are considered abnormal on the basis that they are non-recurring in nature and are not representative of the underlying operational performance of the Group.

5 Before the impact of property sales, restructuring costs, legal settlement, impairment of multi-terminal gaming businesses and the convertible bonds litigation provision, which are considered abnormal on the basis that they are non-recurring in nature and are not representative of the underlying operational performance of the Group.

5.2 Link between Senior Executive remuneration and shareholder return

The table below shows the Group's annual Total Shareholder Return (TSR), fully diluted earnings per share, dividends per share and the share price from 2009 to 2013. The table below also shows: the percentage value of actual short term incentives paid versus maximum; and long term incentives vesting, to Senior Executives (as defined in the relevant Remuneration Report) from 2009 to 2013.

Table 16 Shareholder return

	12 months to 30 Sept 2013[1]	9 months to 30 Sept 2012[2]	12 months to 31 Dec 2011[3]	12 months to 31 Dec 2010[4]	12 months to 31 Dec 2009[5]
Share price as at financial year-end (A$)	4.62	2.69	2.20	2.99	4.02
Total dividends paid (cps)	14.5	6.0	6.5	5.0	4.5
Capital returns (cps)	–	–	–	–	–
Share buy-back ($m)	–	–	–	–	–
Fully diluted earnings per share (cps)	19.4	8.3	12.3	10.3	23.0
Total shareholder return (%)	77.1%	25%	–24.2%	–24.4%	4.8%
Short term cash incentives (% of maximum Group target)	66%	100%	27%	0%	0%
Long term incentives (% vesting)	0%	0%	0%	0%	0%

1 No items were included in the statutory profit for the year that were not representative of the underlying performance of the Group.

2 For comparative purposes, the percentage of short term cash incentives and long term incentives disclosures relates to the 2012 STI award and 2010 LTIP awards tested following the end of the performance period, being 31 December 2012.

No items were included in the statutory profit for the year that were not representative of the underlying performance of the Group.

3 No items were included in the statutory profit for the year that were not representative of the underlying performance of the Group.

4 The earnings used in the fully diluted earnings per share calculation for 2010 are before the profit from the disposal of investment in jointly controlled entity, the abnormal gain from the convertible bonds litigation, restructuring costs and impairment of gaming operations assets, which are considered abnormal on the basis that they are non-recurring in nature and are not representative of the underlying operational performance of the Group.

5 The earnings used in the fully diluted earnings per share calculation for 2009 are before the impact of the property sales, restructuring costs, legal settlement, impairment of multi-terminal gaming businesses and the convertible bonds litigation provision, which are considered abnormal on the basis that they are non-recurring in nature and are not representative of the underlying operational performance of the Group.

Section 6 Remuneration tables and data

6.1 Details of Senior Executive remuneration

The Group has changed its financial year-end to 30 September, commencing 30 September 2012. As a result, the following table compares the 12 month period ended 30 September 2013 to the prior nine month financial year ended 30 September 2012.

The following table reflects the accounting value of remuneration attributable to Senior Executives, derived from the various components of their remuneration. This does not necessarily reflect actual amounts paid to Senior Executives 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 performance share rights which were forfeited during the year and the amortised value of performance share rights that may vest in future reporting periods. This table differs from Table 3 which shows the actual (cash) value of remuneration received by Senior Executives for the 12 months to 30 September 2013 and the nine months to 30 September 2012.

Table 17 Statutory Senior Executive remuneration table

		Short-term benefits			Post-employment benefits		Long-term benefits	Share-based payments[5]		Total	% of share-based remuneration (LTI PSRs)
		Cash salary[1] $	Cash bonuses[2] $	Non-monetary benefits[3] $	Superannuation $	Termination $	Long service leave[4] $	STI PSRs[6] $	LTI PSRs[7] $	$	%
CEO and Managing Director											
JR Odell	**12 months to 30 Sept 2013**	**1,348,543**	**402,650**	**21,621**	**22,953**	**–**	**22,405**	**768,974**	**1,949,618**	**4,536,764**	**43.0**
	9 months to 30 Sept 2012	972,746	255,450	–	25,654	–	19,856	168,667	1,773,221	3,215,594	55.1
Executive KMP											
A Korsanos	**12 months to 30 Sept 2013**	**552,751**	**185,000**	**–**	**16,796**	**–**	**13,063**	**277,713**	**342,752**	**1,388,075**	**24.7**
	9 months to 30 Sept 2012	388,422	105,000	–	12,063	–	8,377	69,420	337,702	920,984	36.7
TJ Croker	**12 months to 30 Sept 2013**	**515,272**	**134,500**	**–**	**46,701**	**–**	**9,340**	**162,762**	**328,712**	**1,197,287**	**27.5**
	9 months to 30 Sept 2012	370,139	103,500	–	34,475	–	7,160	62,556	333,954	911,784	36.6
A Bali[8]	**12 months to 30 Sept 2013**	**559,981**	**225,824**	**22,237**	**–**	**–**	**–**	**39,564**	**368,487**	**1,216,093**	**30.3**
	9 months to 30 Sept 2012	152,374	98,552	98,916	–	–	–	–	99,265	449,107	22.1
12 months to 30 Sept 2013 Total		**2,976,547**	**947,974**	**43,858**	**86,450**	**–**	**44,808**	**1,249,013**	**2,989,569**	**8,338,219**	**35.9**
9 months to 30 Sept 2012 Total		1,883,681	562,502	98,916	72,192	–	35,393	300,643	2,544,142	5,497,469	46.3

Refer to footnotes on page 44.

6.1 Details of Senior Executive remuneration continued

Table 17 Statutory Senior Executive remuneration table continued

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 2013 STI, together with three months of the 2012 STI and credits (if any) for the component of the 2012 STI which was accrued for the nine months to 30 September 2012 but forfeited in the Reporting Period. As set out in the 2012 Remuneration Report, cash 2012 STI bonuses could not be determined until the conclusion of the performance period being 12 months to 31 December 2012. Therefore the amounts recorded for the nine months to 30 September 2012 above reflect the accounting accrual of 75% of the at target non-deferred cash component based on a nine month financial year.

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

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

5 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 Senior Executives 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 EPS 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.

EPS 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 TSR accounting valuation as at the commencement 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 (EPSG) and share-based remuneration requiring shareholder approval, results in accounting expense and disclosures differing from the value allocated for the purposes of remuneration packaging.

6 A component of STI awards payable to Senior Executives 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 2013 include the accounting accruals attributable to deferred share rights pursuant to the 2011, 2012 and 2013 STI awards.

7 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 2010 LTI grant forfeited during the period. As vesting of the 2011 LTI grant cannot be determined until the conclusion of the performance period (being three years to 31 December 2013), the figures for the 12 months to 30 September 2013 do not take into account the vesting or forfeiture of any PSRs pursuant to the 2011 grant.

8 A Bali joined the Company on 30 June 2012.

The 2012 Remuneration Report did not reflect the assessment or award of STI as the performance period (being 12 months to 31 December 2012) concluded after the end of the reporting period. Therefore, STI awards reported in this Remuneration Report reflect STI awards attributable to an aggregate 21 month period (i.e. awards for both the 12 months to 31 December 2012 and the nine months to 30 September 2013).

Table 18 Details of STI awards paid and deferred – 2012 STI award

For the 12 months ended 31 Dec 2012	Total STI award[1] $	STI cash payment[2] $	Deferred STI[3] $	No. Share Rights vesting 1 Jan 2014[4]	No. Share Rights vesting 1 Jan 2015[4]	Total STI award as % of target STI[5]	% of total STI award deferred
CEO and Managing Director							
JR Odell[6]	**1,325,000**	340,600	984,400	157,500	157,500	195	74.3
Executive KMP							
A Korsanos[6]	**530,000**	140,000	390,000	62,500	62,500	189	73.6
TJ Croker[6]	**400,000**	138,000	262,000	42,000	42,000	145	65.5
A Bali[7]	**144,453**	96,302	48,151	7,750	7,750	70	33.3

1 Amounts reflect the value of the total 2012 STI award. See footnotes 2 and 3 for an explanation of the cash and deferred components of the total STI award.

2 Amounts reflect the cash component of the 2012 STI award paid to participants.

3 Amounts reflect the value of 2012 STI award deferred into share rights.

4 The number of share rights is determined using the five day VWAP up to and including 31 December 2012 (the end of the performance period), being $3.13. Half of the share rights vest on 1 January 2014 and the remainder vest on 1 January 2015, subject to continuance of employment and ongoing satisfactory performance. Upon vesting, the value (determined using the share price on the date of vesting) will be reported in Table 3 (Summary of actual payment) of the Remuneration Report in which the vesting date falls.

5 Participants can earn between nil and 200% of their STI targets.

6 The awards for JR Odell, A Korsanos and TJ Croker reflect the Group Score, their individual performance rating for the performance period and their contribution to the Group's strategic turnaround. The Board used its discretion to defer a greater proportion of their total award into share rights as a form of retention.

7 A Bali joined the Company on 30 June 2012. Amounts are based on his six month STI award target.

Table 19 Details of STI awards paid and deferred – 2013 STI award

For the 9 months ended 30 Sept 2013	Total STI award[1] $	STI cash payment[2] $	Deferred STI[3] $	No. Share Rights vesting 1 Oct 2014[4]	No. Share Rights vesting 1 Oct 2015[4]	Total STI award as % of target STI[5]	% of total STI award deferred
CEO and Managing Director							
JR Odell	**635,000**	317,500	317,500	35,200	35,200	120	50
Executive KMP							
A Korsanos	**200,000**	150,000	50,000	5,543	5,543	89	25
TJ Croker	**100,000**	100,000	–	–	–	47	0
A Bali	**241,702**	229,617	12,085	1,340	1,340	70	5

1 2013 STI award target opportunities were set at 75% of the annual target due to the change of financial year end and the nine month performance period (1 January 2013 to 30 September 2013). Amounts reflect the value of the total 2013 STI award. See footnotes 2 and 3 for an explanation of the cash and deferred components of the total STI award.

2 Amounts reflect the cash component of the 2013 STI awarded to participants.

3 Amounts reflect the component of 2013 STI award deferred into share rights.

4 The number of share rights is determined using the five day VWAP up to and including 30 September 2013 (the end of the performance period), being $4.51. Half of the share rights vest on 1 October 2014 and the remainder vest on 1 October 2015, subject to continuance of employment and ongoing satisfactory performance. Upon vesting, the value (determined using the share price on the date of vesting) will be reported in Table 3 (Summary of actual payments) of the Remuneration Report in which the vesting date falls.

5 Participants can earn between nil and 200% of their STI targets.

6.1 Details of Senior Executive remuneration continued

Long Term Incentive (LTI) Performance Share Rights (PSRs) granted to Senior Executives during the Reporting Period were as follows:

Table 20 Details LTI PSRs granted to Senior Executives

	Series[1]	Number of PSRs granted[2,3]	Grant date	Fair value[4]	Maximum value of grant[5]	Vested No.	Vested %	Forfeited No.	Forfeited %
CEO and Managing Director									
JR Odell	22A	229,850	20-Feb-2013	$2.45	$563,132	–	–	–	–
	22B	536,150	20-Feb-2013	$3.50	$1,876,524	–	–	–	–
Executive KMP									
A Korsanos	23A	49,000	20-Feb-2013	$2.45	$120,050	–	–	–	–
	23B	114,500	20-Feb-2013	$3.50	$400,752	–	–	–	–
TJ Croker	23A	46,500	20-Feb-2013	$2.45	$113,924	–	–	–	–
	23B	108,500	20-Feb-2013	$3.50	$379,750	–	–	–	–
A Bali	23A	67,000	20-Feb-2013	$2.45	$164,151	–	–	–	–
	23B	155,500	20-Feb-2013	$3.50	$544,249	–	–	–	–
Total		**1,307,000**			**$4,162,533**				

1 Series A is the Relative Total Shareholder Return (TSR) performance condition and Series B is the Relevant Earnings Per Share (EPS) performance condition.

2 As the PSRs only vest on satisfaction of performance conditions, which are tested at the end of the performance period (1 October 2012 to 30 September 2015), none of the PSRs set out above have vested.

3 Series 22 and 23 will vest in 2015 (testing occurs after the performance period), subject to the satisfaction of performance conditions. Unvested PSRs will expire at that time if it has been determined that the performance conditions were not met.

4 The fair value of Series 22 and 23 PSRs was determined based on an accounting valuation performed by EY. For the TSR performance condition, the valuation is calculated having regard to the likelihood that vesting conditions will be met. This value will not be equal to the market value of a share at the commencement of the performance period as a result of PSRs being contingent rights to shares in the future. The fair value of the PSR at the commencement of a performance period is influenced by the Company's share price at the date of grant, volatility of the underlying shares, the risk-free rate of return, expected dividend yield, time to maturity and the likelihood that vesting conditions will be met.

5 The maximum value of the grant is the fair value multiplied by the number of PSRs granted.

The following table sets out details of the movement in numbers of LTI PSRs during the Reporting Period:

Table 21 Details of the movement in numbers of LTI PSRs

	Series	Performance period expiry date	Fair value per right at grant date	Balance at 1 Oct 2012	Granted during the year[1]	Vested[2,3]	Lapsed/ forfeited[4]	Balance at 30 Sept 2013
CEO and Managing Director								
JR Odell	15A[5]	31-Dec-2012	$2.00	224,786	–	–	(224,786)	–
	15B[5]	31-Dec-2012	$3.97	224,786	–	–	(224,786)	–
	18A	31-Dec-2013	$1.58	306,000	–	–	–	306,000
	18B	31-Dec-2013	$2.52	714,000	–	–	–	714,000
	20A	31-Dec-2014	$2.03	405,000	–	–	–	405,000
	20B	31-Dec-2014	$2.80	945,000	–	–	–	945,000
	22A	30-Sept-2015	$2.45	–	229,850	–	–	229,850
	22B	30-Sept-2015	$3.50	–	536,150	–	–	536,150
Executive KMP								
A Korsanos	17A[5]	31-Dec-2012	$1.72	59,908	–	–	(59,908)	–
	17B[5]	31-Dec-2012	$3.41	59,908	–	–	(59,908)	–
	19A	31-Dec-2013	$1.58	55,295	–	–	–	55,295
	19B	31-Dec-2013	$2.52	129,021	–	–	–	129,021
	21A	31-Dec-2014	$2.03	73,684	–	–	–	73,684
	21B	31-Dec-2014	$2.80	171,930	–	–	–	171,930
	23A	30-Sept-2015	$2.45	–	49,000	–	–	49,000
	23B	30-Sept-2015	$3.50	–	114,500	–	–	114,500
TJ Croker	17A[5]	31-Dec-2012	$1.72	59,908	–	–	(59,908)	–
	17B[5]	31-Dec-2012	$3.41	59,908	–	–	(59,908)	–
	19A	31-Dec-2013	$1.58	54,493	–	–	–	54,493
	19B	31-Dec-2013	$2.52	127,151	–	–	–	127,151
	21A	31-Dec-2014	$2.03	72,631		–	–	72,631
	21B	31-Dec-2014	$2.80	169,474		–	–	169,474
	23A	30-Sept-2015	$2.45	–	46,500	–	–	46,500
	23B	30-Sept-2015	$3.50	–	108,500	–	–	108,500
A Bali	21A	31-Dec-2014	$1.62	53,440		–	–	53,440
	21B	31-Dec-2014	$2.49	124,694		–	–	124,694
	23A	30-Sept-2015	$2.45	–	67,000	–	–	67,000
	23B	30-Sept-2015	$3.50	–	155,500	–	–	155,500

1 The value of the PSRs granted to Senior Executives during the year (including the aggregate value of PSRs granted) is set out in Table 20. No Options were granted during the year to any Senior Executive.

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. The aggregate value of PSRs which vested during the year is nil, as PSRs that expired during the year did not meet the required performance criteria.

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.

4 As the PSRs only vest on satisfaction of performance conditions which are to be tested in future periods, the PSRs under Series 18A, 18B, 19A, 19B, 20A, 20B, 21A and 21B remain unvested.

5 On 20 February 2013, the Board determined that the PSRs under Series 15A, 15B, 17A and 17B had not met the required performance criteria and therefore lapsed. For the purposes of section 300A(1)(E)(iv) of the Act the closing share price on 20 February 2013 was $3.86.

6.1 Details of Senior Executive remuneration continued

The following sets out details of the movement in shares held under the General Employee Share Plan (GESP) during the Reporting Period:

Table 22 Details of the movement in shares held under the GESP

	Balance as at 1 Oct 2012	Shares issued/ granted during the year[1]	Shares vested/lapsed during the year	Balance as at 30 Sept 2013
CEO and Managing Director				
JR Odell	–	–	–	–
Executive KMP				
A Korsanos	251	–	(251)	–
TJ Croker	251	–	(251)	–
A Bali	–	–	–	–

1 From 2010 onwards, Senior Executives do not participate in the GESP.

6.2 Details of Non-Executive Director remuneration

The Group has changed its financial year-end to 30 September, commencing 30 September 2012. As a result, the following table compares the 12 month financial year ended 30 September 2013 to the prior nine month financial year ended 30 September 2012.

Table 23 Details of NED remuneration

		Short-term benefits	Post-employment benefits	Share-based payments		
Name	Year	Cash salary and fees[1] $	Super-annuation[2] $	Retirement benefits[3] $	Options and PSRs $	Total $
ID Blackburne	**12 months to 30 Sept 2013**	**395,000**	**–**	**–**	**–**	**395,000**
	9 months to 30 Sept 2012	273,750	–	–	–	273,750
RA Davis	**12 months to 30 Sept 2013**	**191,615**	**15,885**			**207,500**
	9 months to 30 Sept 2012	138,169	11,831	–	–	150,000
RV Dubs	**12 months to 30 Sept 2013**	**190,254**	**17,246**			**207,500**
	9 months to 30 Sept 2012	137,615	12,385	–	–	150,000
SW Morro	**12 months to 30 Sept 2013**	**205,051**	**2,449**			**207,500**
	9 months to 30 Sept 2012	148,241	1,759	–	–	150,000
DCP Banks	**12 months to 30 Sept 2013**	**176,501**	**16,000**			**192,501**
	9 months to 30 Sept 2012	127,294	11,456	–	–	138,750
LG Flock	**12 months to 30 Sept 2013**	**190,020**	**2,480**			**192,500**
	9 months to 30 Sept 2012	136,974	1,776	–	–	138,750
Total	**12 months to 30 Sept 2013**	**1,348,441**	**54,060**			**1,402,501**
	9 months to 30 Sept 2012	962,043	39,207	–	–	1,001,250

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 Superannuation contributions include amounts required to satisfy the Group's obligations under applicable Superannuation Guarantee legislation.

3 Non-Executive Directors are not entitled to any retirement benefit.

Section 7 Shareholdings

Movement in shares

The number of shares (excluding those unvested under the GESP, STI program and the LTI program) in the Company held during the reporting period by each Non-Executive Director and Senior Executive can be found in Note 29 to the financial statements for the financial year ended 30 September 2013.

Auditor's Independence Declaration

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Aristocrat Leisure Limited for the year ended 30 September 2013, 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.

S. Humphries

Stephen Humphries
Partner
PricewaterhouseCoopers

Sydney
26 November 2013

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Corporate Governance Statement

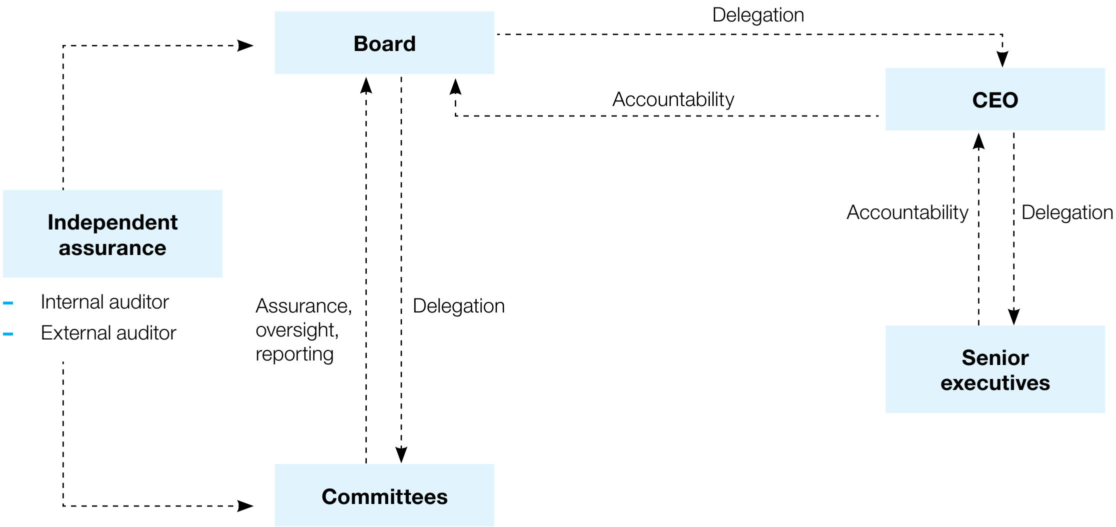
for the 12 months ended 30 September 2013

Effective corporate governance structures encourage companies to create value, through entrepreneurialism, innovation, development and exploration, and provide accountability and control systems commensurate with the risk involved – Australian Securities Exchange (ASX) Corporate Governance Principles and Recommendations.

The Board is committed to maintaining high standards of corporate governance, in line with the revised *Corporate Governance Principles and Recommendations* published by the ASX Corporate Governance Council (ASX Principles and Recommendations).

Set out below is a summary of the Group's corporate governance principles which were in place during the period between 1 October 2012 and 30 September 2013. For ease of reference, this statement has been prepared and presented in a format consistent with the ASX Principles and Recommendations.

Corporate governance framework



Principle 1 Lay solid foundations for management and oversight

Board roles and responsibilities

The business and corporate operations of the Aristocrat Leisure Limited group of companies are managed under direction of the Board of Directors on behalf of shareholders. The Board oversees the performance of management in seeking to deliver superior business and operational performance and long-term growth in shareholder value.

The Board has formalised its roles and responsibilities into a Board Charter, which is available on the Group's website. The Board Charter is regularly reviewed to ensure that it reflects current corporate governance principles and practices.

The primary responsibilities of the Board include the:

- review and approval of Group strategy;
- management of performance, with specific responsibility for the monitoring of Group performance and overall conduct;
- selection, appointment, remuneration and performance evaluation of the Chief Executive Officer (CEO);
- evaluation of the principal risks of the Group and continued monitoring of appropriate risk management and reporting systems;
- establishment and monitoring of policies to ensure compliance with the legal and regulatory regimes to which the Group is subject and to ensure the highest standards of corporate conduct; and
- promotion of open and proper communication between the Group and its stakeholders.

Board roles and responsibilities continued

The Board also takes on the role of nominations and governance, which includes the following functions:

- determining the appropriate size and composition of the Board;
- determining the appropriate criteria (necessary and desirable skills and experience) for appointment of Directors;
- recommendations for the appointment, re-election and removal of Directors; and
- the evaluation of the Board's performance.

The conduct of the Board is also governed by the Constitution, which is available on the Group's website.

Delegation to CEO

The broad separation of functions and responsibilities between management and the Board are set out in the Board Charter.

The Board gives direction and exercises judgement in setting the Group's objectives and overseeing their implementation. The Board has authorised the CEO to oversee the day-to-day business and operations, within the limits of specific authorities set out in the delegations approved by the Board. The CEO has, in turn, approved sub-delegations of authority that apply to management.

The CEO is accountable to the Board for the authority that is delegated by the Board. The Board monitors the decisions and actions of the CEO and the Group's progress on achieving the short, medium and long-term objectives as set by the Board.

The Board will regularly review the separation of functions and responsibilities between management and the Board to ensure that they are appropriate to meet the Group's needs and develop best practice standards, by reference to the ASX Principles and Recommendations and relevant law.

Appointment, induction and performance evaluation for senior executives

The CEO is responsible for appointment of the Group's senior executives. Details of the Group's senior executives can be found on the Group's website.

Upon appointment, senior executives, including the CEO and the Chief Financial Officer (CFO), are provided with formal letters of appointment setting out their term of office, duties, rights and responsibilities, and entitlements on termination.

An induction program is in place for all new senior executives to provide them with knowledge of the Group's financial position, strategies, operations, policies and risk management procedures.

The Board, based on recommendations from the Human Resources and Remuneration Committee, determines the CEO's Key Performance Objectives (KPOs) annually and reviews performance against these on an ongoing basis, with a formal evaluation being completed at the end of each year. The CEO, under the delegated authority of the Board, determines the KPOs of the senior executives and reviews their performance on an ongoing basis. The CEO formally reviews the performance of senior executives annually with the Human Resources and Remuneration Committee, which reports its findings to the Board for endorsement.

The performance evaluation of the senior executives (including the CEO) is undertaken in the first quarter of each year.

Principle 2 Structure the Board to add value

Board composition

As at 30 September 2013, the Board comprised six independent Non-Executive Directors and the CEO/Managing Director. Details, including the term of office, qualifications, experience and information on other directorships held by each member of the Board, can be found in the Directors' Report.

It is important that the Board has an appropriate mix of skills, experience, expertise and diversity (including geographical and gender diversity). The Board considers it important for the following skills and experience to be represented:

- experience as a Chief Executive;
- international business experience;
- financial and accounting experience;
- technology experience, especially in the software or computer industries;
- gaming experience;
- legal and regulatory experience; and
- corporate governance and risk management experience.

Chairman of the Board

The Chairman is elected by the Board and must be an independent Non-Executive Director.

The role of the Chairman is to lead the Board in the discharge of its duties and responsibilities, to agree upon the agendas for, and chair meetings of, the Board and of shareholders. The Chairman is responsible for the conduct of those meetings and for facilitating the effective contribution of all members of the Board to its processes.

The Chairman is also the major point of contact between the Board and the CEO.

Nomination and appointment of new Directors
Board succession planning is an important element of the governance process. The Board will regularly evaluate and review its succession planning process to ensure the progressive and orderly renewal of Board membership.

Where there is a need for a new appointment, the Board (with assistance, where necessary, from external consultants) will identify candidates with appropriate skills and experience to maintain the necessary mix of expertise on the Board.

A short list of potential candidates will be developed for detailed consideration and screening by the Board. Each Director will be given the opportunity to meet with the potential candidates.

Any decision on the nomination of a new Director will be made by the Board.

Before a candidate is nominated by the Board, they must confirm that they will have sufficient time to meet their obligations to the Company, in light of other commitments, and that they expect to meet all gaming regulatory approval conditions.

Any Director nominated during the year is known as a Director (Elect) and will stand for election by shareholders at the subsequent AGM. Shareholders are asked to approve the appointment of the Director (Elect) subject to the receipt of all necessary regulatory pre-approvals. Until the receipt of all necessary regulatory pre-approvals, a Director (Elect) may attend all meetings of the Company but will have no entitlement to vote on any resolutions proposed at any meeting of the Board or any committee.

Induction and Director development
New Directors are provided with a formal letter of appointment which sets out the key terms and conditions of appointment, including duties, rights and responsibilities and the time commitment envisaged.

As part of a comprehensive induction program, new Directors are provided with a Director's Handbook. New Directors also meet with the Chairman and senior executives as part of the structured induction program. Where appropriate, the program also includes site visits to some of the Group's key jurisdictions.

The Board encourages all Directors to undertake the 'Company Directors Course' run by the Australian Institute of Company Directors. All Directors are expected to maintain the skills required to discharge their obligations to the Group and its shareholders.

Recognising the importance of providing continuing education to Directors so as to enhance their knowledge of the Group and the industries in which the Group operates, Directors take part in a range of training and continuing education programs. Internal and external experts are engaged to conduct education sessions. Directors also receive regular business briefings at Board meetings. These briefings are intended to provide Directors with information on each area of the Group's business, in particular regarding performance, key issues, risks and strategies for growth. During the year, Directors also visited operations and customers in various domestic and international locations, including Melbourne, San Francisco, Southern California, Las Vegas and Norway.

Retirement and re-election
The Constitution requires that a Director may not hold office for a continuous period in excess of three years or past the third AGM following the Director's appointment, whichever is longer, without submitting for re-election.

Retiring Directors are eligible for re-election by shareholders. Board support for Directors retiring by rotation and seeking re-election is not automatic. A Non-Executive Director must take into account the views of the other Non-Executive Directors when making a decision to stand for re-election.

The Board also has a policy that a Director should serve no more than 12 years as a Director, commencing from the date of nomination.

Access to information and independent professional advice
Directors are encouraged to access senior executives to request relevant information in their role as a Non-Executive Director.

Directors are also entitled, with the approval of the Chairman, to seek independent professional advice at the Group's expense. Whenever practicable, the advice is commissioned in the joint names of the Director and the Group, and a copy of the advice should be made available to the entire Board.

Board meetings
During the year, the Board held a total of ten meetings. The number of meetings attended by each Director is tabled in the Directors' Report. Senior executives are regularly invited to attend and present at Board meetings. During the year, the Non-Executive Directors also held meetings without the presence of management.

Director independence
All Directors, whether independent or not, are expected to bring an impartial judgement to bear on Board decisions and are subject to the Board's policy regarding management of conflicts of interest, as well as common law and Corporations Act requirements.

Each year, the Board assesses whether the Non-Executive Directors are independent. In making such an assessment, consideration is given to whether the Director:

- is a substantial shareholder of the Group or an officer of a substantial shareholder of the Group;
- has been employed in an executive capacity in the last three years by a Group company;
- has been employed as a principal of a material professional adviser to the Group during the past three years;
- is a material supplier or customer of a Group company;
- has any material contractual relationship with the Group (other than as a Director); and
- is free from any interest, business or personal, which could or could reasonably be perceived to materially interfere with the Director's ability to act in the best interests of the Group.

Having considered these criteria, the Board was of the view that there were no factors affecting the independent status of any Non-Executive Director at 30 September 2013 or throughout the year.

Other directorships
Board policy requires Directors to devote sufficient time to the Group and to be available to attend to the affairs of the Group. This process is managed by the Chairman, and other members consult with the Chairman before taking up additional appointments. The CEO should only accept appointment to the board of another listed company with the approval of the Board.

Performance evaluation for the Board, Board committees and individual Directors
The Board (with assistance, where necessary or appropriate, from external consultants) will regularly carry out a review of the performance of the Board, its committees, and each Non-Executive Director. The review assesses, amongst other things:

- the effectiveness of the Board and each committee in meeting the requirements of their Charters;
- whether the Board and each committee has members with the appropriate mix of skills and experience to properly perform their functions;
- the contribution made by each Director at meetings and in carrying out their responsibilities as Directors generally, including preparing for meetings; and
- whether the content, format and timeliness of agendas, papers and presentations provided to the Board and each committee are adequate for them to properly perform their functions.

The Board establishes the procedures and oversees the assessment program. The results and any action plans following the assessment are documented, together with specific performance goals that are agreed by the Board.

In addition, Directors are encouraged to raise any issues of concern regarding the performance of any other Director with the Chairman, or if the concern relates to the Chairman, with the Chair of the Audit Committee.

Role of the Company Secretary
The appointment of the Company Secretary is a matter for the Board. The Company Secretary provides advice to the Board as and when required. The Company Secretary is responsible for all communication with the ASX about listing rule matters and for the day-to-day operations of the Company Secretariat.

Except when the Directors need to meet privately, the Company Secretary attends all Board meetings.

Board committees
To assist it in fulfilling its responsibilities, the Board has three committees, consisting of the Audit Committee, the Human Resources and Remuneration Committee and the Regulatory and Compliance Committee.

Each committee has a Charter which includes a more detailed description of its duties and responsibilities. The committee Charters are available on the Group's website.

The Board may, at any time, address matters identified within a committee's Charter at the full Board level.

The Audit Committee and the Human Resources and Remuneration Committee each comprise at least three independent Non-Executive Directors. The Regulatory and Compliance Committee comprises at least two independent Non-Executive Directors and, as required by gaming regulators, one independent external member and one member of management who is primarily responsible for Group compliance. Each committee is chaired by an independent Non-Executive Director other than the Board Chairman.

The composition of each committee and the number of committee meetings held during the year can be found in the Directors' Report.

Principle 3 Promote ethical and responsible decision-making

Diversity and equal employment opportunity
The Group recognises its legal and ethical obligations and is committed to promoting and achieving diversity across the Group. The Group employs more than 2,000 people around the world including in Australia, the United States, New Zealand, the United Kingdom, South Africa, Sweden, Japan, India, Argentina, Mexico, Hong Kong and Macau.

The Group aspires to a workforce profile which reflects as far as possible the talent available in the many areas in which its businesses are located. This requires the Group to achieve workforce diversity in all its forms, including gender, age, race and ethnicity, religion, and cultural background.

The Board has adopted a policy on diversity which sets out the overall aims of the Group on diversity and the responsibilities of the Board. The Diversity Policy can be found on the Group's website.

The Board is responsible for approving measurable objectives in accordance with the Diversity Policy and, with the assistance of the Human Resources and Remuneration Committee, for annually assessing those objectives, the progress against them, and for monitoring the proportion of women across the Group.

The following measurable objective was set by the Board:

Increase the number of women in the 'Leadership Group', comprising the Board, Senior Executive Roles[1] and Senior Management Roles[2].

The Board has identified a number of initiatives to support the achievement of this objective, such as:

- including 'the business case for diversity' in the leadership development program for all hiring managers, people managers and emerging talent to promote and operationalise the competitive advantage that diversity creates for our organisation;
- facilitating a mentoring program for women involving members of the Board and the Executive Leadership Team and targeting high potential women across the organisation;
- supporting the Group's 'Women in Gaming' program, to identify emerging talent pools within the organisation and opening career paths for women into senior operational roles;
- establishing a Diversity Council;
- providing leadership development opportunities for the extended leadership team to build a pipeline of talent for senior executive roles;
- evaluating and implementing an extended range of flexible work practices.

Progress during the year towards achieving this objective is set out in the table below.

The following information is provided about the proportion of women across the Group as at 30 September 2012 and 30 September 2013:

Category	30 September 2012	30 September 2013
Board	1 of 6 Non-Executive Directors (17%)	1 of 6 Non-Executive Directors (17%)
Senior Executive Roles	2 of 10 members (20%)	2 of 11 members (18%)
Across the Leadership Group[3]	38 of 193 members (20%)	39 of 194 members (20%)
Across the Group	25%	25%

1 Senior Executive Roles means the Group's Executive Leadership Team, the composition of which can be found on the Group's website.
2 Senior Management Roles include senior managers and senior specialists across the Group.
3 Leadership Group comprises the Board, Senior Executive Roles and Senior Management Roles.

Code of Conduct

The Board has adopted a Code of Conduct which applies to Directors and all employees. The Code is reinforced through various training programs and Group publications. The Code provides an ethical and behavioural framework for the way business is conducted and contains a set of general business ethics, including (but not limited to):

- to act honestly and fairly in all dealings and to conduct business with strict professional courtesy and integrity;
- to abide and comply with all applicable laws and regulations;
- to report suspected corrupt or unethical conduct;
- to ensure that Group resources and property are used properly and efficiently; and
- not to disclose information or documents relating to the Group or its businesses other than as required by law and not to make any public comment on Group matters unless authorised to do so.

The Code of Conduct is available on the Group's website.

The Board and senior management are committed to the Code and the principles contained within it. The Code is regularly communicated and distributed to employees. New employees are issued with an employee handbook which contains, amongst other things, the Code, and they are required to certify (prior to commencing their employment) that they have read and understood the requirements contained in it.

The Code, together with the policies listed in this Principle, is aimed at ensuring that the Group maintains the highest standards of honesty, integrity and fair trading with shareholders, customers, suppliers, employees, regulators and the community.

The Group has procedures in place to monitor overall compliance with the Code. It is made clear in the Code that any breaches are treated seriously and could lead to disciplinary action, including termination of employment.

In addition to the Code, the Group also has policies which govern, among other things:

- occupational health and safety;
- conflicts of interest;
- gifts, gratuities and donations;
- use of social media;
- dealing in Group securities;
- market disclosure; and
- privacy.

The Group has implemented training courses dealing with harassment in the workplace, discrimination, and legal and operational compliance globally, which all employees are required to complete. In addition, the Group has provided training to relevant employees on privacy, fair trading, restrictive trade practices and gaming legislation.

Whistleblower/Tip-offs Anonymous program

Whistleblower/Tip-offs Anonymous is an independent, confidential telephone, email and postal service that provides a channel for employees to anonymously report instances of suspected workplace misconduct. The service is available to all employees worldwide.

All reported incidents are reviewed by a select group of senior executives who decide on the appropriate course of action to be taken. A summary of all reported incidents and action taken is provided to the Audit Committee. Any reported incidents involving senior executives are reported directly to the Chairman and the Chair of the Audit Committee by the Whistleblower/Tip-offs Anonymous service provider.

Share Trading Policy

The Group's Share Trading Policy prohibits Non-Executive Directors and employees from dealing in Company securities if they are in possession of any price-sensitive information. In addition, the policy identifies certain 'blackout periods' during which Non-Executive Directors and designated senior executives are not allowed to deal in the Company's securities (unless exceptional circumstances apply, the person has no inside information, and special approval is obtained to sell (but not buy) Company securities). Non-Executive Directors and employees are reminded that procuring others to trade in Company securities when in possession of price-sensitive information is also a breach of the law and the policy.

The policy prohibits Non-Executive Directors and designated senior executives from entering into a margin loan or similar funding arrangement over the Company's securities.

The policy prohibits the hedging of unvested performance share rights and vested securities that are subject to disposal restrictions at all times, irrespective of trading windows. This is in line with the requirements of the Executive Remuneration Act, and is intended to prevent transactions which could have the effect of distorting the proper functioning of performance hurdles or reducing the intended alignment between management's and shareholders' interests.

The Share Trading Policy can be found on the Group's website.

Principle 4 Safeguard integrity in financial reporting

Audit Committee

The composition of the Audit Committee can be found in the Directors' Report. The committee comprises at least three independent Non-Executive Directors and is chaired by an independent Non-Executive Director.

All members of the committee are financially literate, and the committee possesses sufficient financial expertise and knowledge of the industry in which the Group operates.

Members of the Group's internal and external audit firms attend committee meetings by invitation, together with the internal risk and audit manager and relevant senior executives.

The committee advises the Board on all aspects of internal and external audit, the adequacy of accounting and risk management procedures, systems, controls, and financial reporting. The Audit Committee Charter includes a more detailed description of the duties and responsibilities of the committee.

The committee is a direct link for providing the views of internal and external auditors to the Board, when necessary, independent of management influence. Time is allocated for detailed questioning of the material presented by each of the external and internal auditors.

Selection of auditor

The Audit Committee is responsible for overseeing the external auditor selection process. This process includes assessing each of the submissions received and making a formal recommendation to the Board on the appointment of the external auditor. The external audit service contract was last awarded in 2008.

As part of that selection process, the Audit Committee assesses each of the submissions received on the following criteria:

- independence;
- overall audit approach and methodology;
- relevant industry experience;
- experience and qualifications of key audit staff; and
- cost.

Auditor independence

The Group's policy on audit independence restricts the types of non-audit services that can be provided by either the internal or the external auditors. In addition, any non-audit services which are to be provided by the internal or the external auditors need to be pre-approved by the Chair of the Audit Committee.

The Audit Committee reviews the independence of the auditors four times a year. The Group requires the senior external audit partner to rotate every five years.

The external auditor attends the AGM and is available to answer questions from shareholders on the:

- conduct of the audit;
- preparation and content of the auditor's report;
- accounting policies adopted by the Group in relation to the preparation of the financial report; and
- independence of the auditor in relation to the conduct of the audit.

Principle 5 Make timely and balanced disclosure

The Group understands and respects that timely disclosure of price-sensitive information is central to the efficient operation of the securities market.

The Group's Continuous Disclosure Policy is regularly reviewed to ensure that it reflects current best practice corporate governance principles and practices. The Continuous Disclosure Policy is available on the Group's website.

The Company Secretary/CFO, in conjunction with the CEO and the Manager, Company Secretariat/Corporate Counsel (the Management Disclosure Committee) has responsibility for reviewing proposed disclosures and making decisions in relation to what information can be or should be disclosed to the market. Each Group employee is required to inform the Company Secretary regarding any potentially price-sensitive information concerning the Group as soon as they become aware of it.

Where appropriate, the Board will be consulted on the most significant or material disclosures.

The Company Secretary is responsible for ensuring compliance with the Continuous Disclosure Policy.

Principle 6 Respect the rights of shareholders

One of the most significant responsibilities of the Board is to have regard to the long-term sustainability of superior returns to shareholders, taking into account the interests of other stakeholders.

The Group promotes effective communication with shareholders and encourages effective participation at general meetings to ensure a high level of accountability and discussion of the Group's strategy, goals and performance. Shareholders are invited to submit questions in advance on any shareholder matters that may be relevant to a general meeting.

The Group maintains a website which is regularly updated with all recent announcements to the ASX, annual reports, briefing materials, and presentations to investors and analysts. The Governance section of the website allows shareholders direct access to the Board Charter, committee Charters and key governance policies.

The AGM is webcast each year and is available for viewing by both live and archived webcast. The Group's most recent full year and half year results presentation webcasts are archived and can be accessed through the investor information link on the Group's website.

The Group's Shareholder Communication Policy is available on the Group's website.

Principle 7 Recognise and manage risk

The Board recognises the importance of a sound framework of risk oversight, risk management and internal control to good corporate governance and has put in place a formal ongoing process for identifying, assessing, monitoring and managing the material business risks faced by, or potentially exposed to, the Group in pursuing its objectives. The adequacy and effectiveness of this process is reviewed by the Board on an ongoing basis. The Group's Risk Management Policy Statement is available on the Group's website.

Elements of the Group's risk management system include:

- a formal risk management policy, which is based on ISO3100 Risk Management and the ASX Principles and Recommendations;
- the review of material business risks, including significant changes in risk profiles, by the Risk Review Committee, the Audit Committee and the Board as appropriate;
- the establishment of an internal audit function, independent of the external auditor, which develops a risk-based internal audit plan and has direct access to the Board and management;
- a Group wide regulatory compliance program covering licensure, environment, occupational health and safety and employment practices; and
- a confidential Tip-offs Anonymous program deployed worldwide.

The Group uses governance, risk and compliance software to facilitate the updating and maintenance of the Group's risk register and to track risk management activities.

Certification from the CEO and the CFO
The Board received a written certification on 27 November 2013 from both the CEO and the CFO that the declaration provided in accordance with section 295A of the Corporations Act (the integrity of financial statements) is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Due to the limitations that are inherent in any system of risk management and internal control, the systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement, adverse events or more volatile outcomes arising.

Principle 8 Remunerate fairly and responsibly

Human Resources and Remuneration Committee
The composition of the Human Resources and Remuneration Committee can be found in the Directors' Report. The committee comprises at least three independent Non-Executive Directors and is chaired by an independent Non-Executive Director.

As well as providing an overview of people issues, particularly talent management, succession and development planning for senior management and diversity, the committee advises the Board on remuneration policies and practices, evaluates the performance of the CEO against pre-agreed goals, and makes recommendations to the Board on remuneration of the CEO and the senior management team.

The Human Resources and Remuneration Committee Charter includes a more detailed description of the duties and responsibilities of the committee.

The committee regularly obtains and considers advice from the remuneration consultants which have been appointed by the Board.

Remuneration of Directors and senior executives
Details of the principles and amounts of remuneration of Non-Executive Directors (including any applicable retirement benefits), Executive Directors and specific senior executives who are designated as Key Management Personnel, are set out in the Remuneration Report, which also includes disclosures on equity-based remuneration provided by the Group.

Nevada Regulatory Disclosure

The Nevada Gaming Commission has requested that the following be brought to the attention of shareholders.

Summary of the Nevada Gaming Regulations
The manufacture, sale and distribution of gaming devices, internet and mobile gaming, and cashless wagering systems for use or play in Nevada and the operation of slot machine routes and inter-casino linked systems are subject to:

i) the Nevada Gaming Control Act and the regulations promulgated thereunder (collectively, the "Nevada Act"); and
ii) various local ordinances and regulations.

Gaming and manufacturing and distribution operations in Nevada are subject to the licensing and regulatory control of the Nevada Gaming Commission ("Nevada Commission"), the Nevada State Gaming Control Board ("Nevada Board") and various other county and city regulatory agencies, collectively referred to as the "Nevada Gaming Authorities".

Nevada Regulatory Disclosure
The laws, regulations and supervisory procedures of the Nevada Gaming Authorities are based upon declarations of public policy which are concerned with, among other things:

i) the prevention of unsavory or unsuitable persons from having a direct or indirect involvement with gaming, manufacturing or distributing activities at any time or in any capacity;
ii) the establishment and maintenance of responsible accounting practices and procedures;
iii) the maintenance of effective controls over the financial practices of licensees, including the establishment of minimum procedures for internal fiscal affairs and the safeguarding of assets and revenues, providing reliable record keeping and requiring the filing of periodic reports with the Nevada Gaming Authorities;
iv) the prevention of cheating and fraudulent practices; and
v) providing a source of state and local revenues through taxation and licensing fees.

Aristocrat Leisure Limited ("the Company") is registered with the Nevada Commission as a publicly traded corporation (a "Registered Corporation") and has been found suitable to directly or indirectly own the stock of two subsidiaries (collectively, the "Operating Subsidiaries"), one subsidiary has been licensed as a manufacturer and a distributor of gaming devices, an Internet Gaming System ("IGS") Manufacturer and IGS Service Provider, the other subsidiary has been licensed as a manufacturer, distributor and operator of a slot machine route and an IGS Service Provider. A manufacturer's and distributor's license permits the manufacturing, sale and distribution of gaming devices and cashless wagering systems for use or play in Nevada or for distribution outside of Nevada. A license as an operator of a slot machine route permits the placement and operation of gaming devices upon the business premises of other licensees on a participation basis and also permits the operation of inter-casino linked systems consisting of gaming devices only. The IGS Manufacturer and Service Provider licenses permit the manufacture of internet gaming systems and the providing of certain services of internet gaming to licensed Internet Operators.

If it were determined that the Nevada Act was violated by the Company or the Operating Subsidiaries, the registration of the Company and the licenses of the Operating Subsidiaries could be limited, conditioned, suspended or revoked, subject to compliance with certain statutory and regulatory procedures. In addition, the Company, the Operating Subsidiaries and the persons involved could be subject to substantial fines for each separate violation of the Nevada Act at the discretion of the Nevada Commission.

Any beneficial owner of a Registered Corporation's voting securities (in the case of the Company its ordinary shares), regardless of the number of voting securities owned, may be required to file an application, be investigated, and have his suitability as a beneficial owner of the Registered Corporation's voting securities determined if the Nevada Commission has reason to believe that such ownership would otherwise be inconsistent with the declared policies of the state of Nevada. The applicant must pay all costs of investigation incurred by the Nevada Gaming Authorities in conducting any such investigation.

The Nevada Act requires any person who acquires a beneficial ownership of more than 5% of a Registered Corporation's voting securities to report the acquisition to the Nevada Commission. The Nevada Act requires that beneficial owners of more than 10% of a Registered Corporation's voting securities apply to the Nevada Commission for a finding of suitability within thirty days after the Chairman of the Nevada Board mails the written notice requiring such filing.

Under certain circumstances, an "institutional investor", as defined in the Nevada Act, which acquires the beneficial ownership of more than 10%, but not more than 25% of a Registered Corporation's voting securities may apply to the Nevada Commission for a waiver of such finding of suitability if such institutional investor holds the voting securities for investment purposes only. An institutional investor that has been granted a waiver by the Nevada Commission may beneficially own more than 25%, but not more than 29%, of the voting securities of a Registered Corporation, only if such additional ownership results from a stock repurchase program conducted by a Registered Corporation, and upon the condition that such institutional investor does not purchase or otherwise acquire any additional voting securities of the Registered Corporation that would result in an increase in the institutional investor's ownership percentage. Further, an institutional investor that is subject to NRS 463.643(4) as a result of its beneficial ownership of voting securities of a Registered Corporation and that has not been granted a waiver by the Commission, may beneficially own more than 10%, but not more than 11%, of the voting securities of such Registered Corporation, only if such additional ownership results from a stock repurchase program conducted by the Registered Corporation, upon the condition that such institutional investor does not purchase or otherwise acquire any additional voting securities of the Registered Corporation that would result in an increase in the institutional investor's ownership percentage. Unless otherwise notified by the chairman, such an institutional investor is not required to apply to the commission for a finding of suitability, but shall be subject to reporting requirements as prescribed by the chairman.

The applicant is required to pay all costs of investigation incurred by the Nevada Gaming Authorities.

The Nevada Act provides that any person who fails or refuses to apply for a finding of suitability or a license within thirty days after being ordered to do so by the Nevada Commission or the Chairman of the Nevada Board, may be found unsuitable. The same restrictions apply to a record holder (in the case of the Company, a registered holder) if the record owner, after request, fails to identify the beneficial owner.

Any person found unsuitable and who holds, directly or indirectly, any of the voting securities of a Registered Corporation beyond such period of time as may be prescribed by the Nevada Commission may be guilty of a criminal offence under Nevada law. A Registered Corporation can be sanctioned, including the loss of its approvals if, after it receives notice that a person is unsuitable to be the holder of the voting securities of the Registered Corporation or to have any other relationship with the Registered Corporation, it:

i) pays that person any dividend or interest upon its voting securities,
ii) allows that person to exercise, directly or indirectly, any voting right conferred through securities held by that person,
iii) pays remuneration in any form to that person for services rendered or otherwise, or
iv) fails to pursue all lawful efforts to require such unsuitable person to relinquish his voting securities including, if necessary, the immediate purchase of said voting securities for cash at fair market value.

The Nevada Commission may, in its discretion, require the holder of any debt security of a Registered Corporation to file applications, be investigated and be found suitable to own the debt security of a Registered Corporation. If the Nevada Commission determines that a person is unsuitable to own such security, then pursuant to the Nevada Act, the Registered Corporation can be sanctioned, including the loss of its approvals, if without the prior approval of the Nevada Commission, it:

i) pays to the unsuitable person any dividend, interest, or any distribution whatsoever;
ii) recognises any voting right by such unsuitable person in connection with such securities;
iii) pays the unsuitable person remuneration in any form; or
iv) makes any payment to the unsuitable person by way of principal, redemption, conversion, exchange, liquidation, or similar transaction.

A Registered Corporation may not make a public offering of its securities without the prior approval of the Nevada Commission if the securities or proceeds therefrom are intended to be used to construct, acquire or finance gaming facilities in Nevada, or to retire or extend obligations incurred for such purposes. On June 21 2001, the Nevada Commission granted the Company prior approval to make public offerings for a period of two years subject to certain conditions ("Shelf Approval"). This approval has been extended and remains in place today. However, the Shelf Approval may be rescinded for good cause without prior notice upon the issuance of an interlocutory stop order by the Chairman of the Nevada Board. The Shelf Approval does not constitute a finding, recommendation or approval by the Nevada Commission or the Nevada Board as to the accuracy or adequacy of the prospectus or the investment merits of the securities offered. Any representation to the contrary is unlawful. An application to renew the Shelf Approval (which can only be issued for a maximum term of three years) is being lodged with the Commission.

Other Regulatory requirements – Other Gaming Authorities throughout the world may require any person who acquires a beneficial ownership of more than 5% of a Registered Corporation's voting securities to report the acquisition to the Gaming Authority and in some cases, apply to the Gaming Authority for a finding of suitability within thirty days of acquiring more than 5% of the Registered Corporation's voting securities. The applicant is subject to the same rules as in Nevada in relation to an unsuitable finding. The applicant is required to pay all costs of investigation incurred by the Gaming Authorities.

A more complete summary of the Nevada Act is available on request from:

The Secretary, Aristocrat Leisure Limited

Building A, Pinnacle Office Park, 85 Epping Road

North Ryde NSW 2113 Australia

Telephone: +612 9013 6000 Fax: +612 9013 6274

Five Year Summary

$'000 (except where indicated)

	12 months to 30 Sept 2013	9 months to 30 Sept 2012	12 months to 31 Dec 2011	12 months to 31 Dec 2010	12 months to 31 Dec 2009
Profit and loss items					
Revenue [1]	**813,787**	586,181	709,013	684,578	908,648
EBITDA [2]	**188,146**	95,534	147,949	121,670	212,733
Depreciation and amortisation	**(42,839)**	(28,466)	(37,184)	(36,911)	(42,814)
EBIT [2]	**145,307**	67,068	110,765	84,759	169,919
Net interest expense	**(11,307)**	(13,870)	(25,308)	(13,525)	(13,909)
Profit before income tax expense [2]	**134,000**	53,198	85,457	71,234	156,010
Income tax expense	**(26,800)**	(6,647)	(18,558)	(16,107)	(39,070)
Profit after income tax expense [2]	**107,200**	46,551	66,899	55,127	116,940
Non-controlling interests	**–**	(1,044)	(759)	(557)	(539)
Net profit attributable to members of Aristocrat Leisure Limited	**107,200**	45,507	66,140	54,570	116,401
Abnormal items after tax	**–**	–	–	22,624	(274,239)
Reported net profit/(loss) attributable to members of Aristocrat Leisure Limited	**107,200**	45,507	66,140	77,194	(157,838)
Total dividend paid – parent entity only	**49,640**	43,747	21,422	18,668	78,587
Balance sheet items					
Contributed equity	**233,137**	233,137	209,043	187,625	185,320
Reserves	**(78,085)**	(121,580)	(119,032)	(117,827)	(92,013)
Retained earnings	**224,392**	166,735	164,863	120,083	61,498
Non-controlling interest	**(4,015)**	(1,768)	(2,730)	(2,009)	(944)
Total equity	**375,429**	276,524	252,144	187,872	153,861
Cash and cash equivalents	**29,689**	22,612	29,354	19,840	59,045
Other current assets	**434,431**	331,772	335,801	311,122	336,650
Property, plant and equipment	**106,913**	102,577	109,267	100,141	120,459
Intangible assets	**151,128**	104,611	109,306	113,980	118,547
Other non-current assets	**151,123**	163,215	177,760	163,826	173,407
Total assets	**873,284**	724,787	761,488	708,909	808,108
Current payables and other liabilities	**202,429**	181,619	191,543	155,991	195,128
Current borrowings	**124**	7,000	–	7,000	7,245
Current tax liabilites and provisions	**14,352**	13,514	13,621	15,053	283,449
Non-current borrowings	**237,759**	207,453	261,392	298,662	127,104
Non-current provisions	**14,130**	14,759	16,096	18,044	18,632
Other non-current liabilities	**29,061**	23,918	26,692	26,287	22,689
Total liabilities	**497,855**	448,263	509,344	521,037	654,247
Net assets	**375,429**	276,524	252,144	187,872	153,861

See footnotes on page 62.

Five Year Summary

$'000 (except where indicated)

		12 months to 30 Sept 2013	9 months to 30 Sept 2012	12 months to 31 Dec 2011	12 months to 31 Dec 2010	12 months to 31 Dec 2009
Other information						
Employees at year end	Number	**2,173**	2,135	2,111	2,181	2,038
Return on Aristocrat shareholders' equity [2]	%	**28.6**	16.5	26.2	29.0	75.7
Basic earnings per share [2]	Cents	**19.5**	8.3	12.3	10.3	23.0
Net tangible assets per share	$	**0.41**	0.31	0.26	0.14	0.07
Total dividends per share – ordinary	Cents	**14.5**	6.0	6.5	5.0	4.5
Dividend payout ratio [2]	%	**74**	72	53	49	20
Issued shares at year end	'000	**551,418**	551,418	543,181	533,984	533,379
Net (cash)/debt [3]	$'000	**208,194**	191,841	232,038	285,822	75,304
Net cash (debt)/equity	%	**(55.5)**	(69.4)	(92.0)	(152.1)	(48.9)

1 Revenue as per segment information.

2 Before the impact of abnormal and one-off items that are not representative of the underlying operational performance of the Group. The non-IFRS information presented above has not been audited in accordance with the Australian Auditing Standards.

3 Current and non-current borrowings net of cash and cash equivalents.

Financial Statements

Consolidated financial statements for the year ended 30 September 2013

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

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

Aristocrat Leisure Limited

Building A, Pinnacle Office Park

85 Epping Road

North Ryde NSW 2113

Australia

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

The financial statements were authorised for issue by the directors on 26 November 2013. The Company has the power to amend and reissue the financial statements.

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

Consolidated statement of comprehensive income	**64**
Consolidated statement of financial position	**65**
Consolidated statement of changes in equity	**66**
Consolidated statement of cash flows	**67**
Notes to the financial statements	
1 Summary of significant accounting policies	**68**
2 Financial risk management	**81**
3 Critical accounting estimates and judgements	**86**
4 Segment information	**87**
5 Profit for the period	**89**
6 Income tax expense	**90**
7 Dividends	**92**
8 Cash and cash equivalents	**93**
9 Trade and other receivables	**93**
10 Inventories	**97**
11 Financial assets	**97**
12 Other assets	**98**
13 Property, plant and equipment	**98**
14 Deferred tax assets	**99**
15 Intangible assets	**100**
16 Trade and other payables	**102**
17 Borrowings	**102**
18 Provisions	**105**
19 Other liabilities	**105**
20 Contributed equity	**106**
21 Reserves and retained earnings	**106**
22 Non-controlling interest	**108**
23 Events occurring after reporting date	**108**
24 Contingent liabilities	**108**
25 Commitments	**109**
26 Subsidiaries	**109**
27 Employee benefits	**111**
28 Share-based payments	**111**
29 Key management personnel disclosures	**115**
30 Remuneration of auditors	**118**
31 Related parties	**118**
32 Earnings per share	**119**
33 Reconciliation of profit for the period after income tax to net cash flow from operating activities	**120**
34 Deed of cross guarantee	**120**
35 Parent entity financial information	**122**
36 Business combinations	**123**

Consolidated statement of comprehensive income

for the year ended 30 September 2013

	Notes	Consolidated 12 months to 30 Sept 2013 $'000	9 months to 30 Sept 2012 $'000
Revenue	5	**808,682**	581,808
Cost of revenue		**(373,388)**	(276,721)
Gross profit		**435,294**	305,087
Other income	5	**12,489**	6,192
Design and development costs		**(118,890)**	(93,230)
Sales and marketing costs		**(74,873)**	(66,890)
General and administration costs		**(103,116)**	(82,567)
Finance costs		**(16,904)**	(15,394)
Profit before income tax expense		**134,000**	53,198
Income tax expense	6	**(26,800)**	(6,647)
Profit after income tax expense for the period		**107,200**	46,551
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange difference on translation of foreign operations	21(a)(i)	**24,310**	(5,741)
Changes in fair value of interest rate hedge	21(a)(iv)	**1,594**	570
Other comprehensive income for the period, net of tax		**25,904**	(5,171)
Total comprehensive income for the period		**133,104**	41,380
Profit is attributable to:			
Owners of Aristocrat Leisure Limited		**107,200**	45,507
Non-controlling interest		**–**	1,044
		107,200	46,551
Total comprehensive income is attributable to:			
Owners of Aristocrat Leisure Limited		**133,104**	40,336
Non-controlling interest		**–**	1,044
		133,104	**41,380**

Earnings per share for profit attributable to ordinary equity holders of the Company

	Notes	Cents	Cents
Basic earnings per share	32	**19.5**	8.3
Diluted earnings per share	32	**19.4**	8.3

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

Consolidated statement of financial position

as at 30 September 2013

	Notes	30 Sept 2013 $'000	30 Sept 2012 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	**29,689**	22,612
Trade and other receivables	9	**351,768**	253,202
Inventories	10	**64,808**	69,067
Financial assets	11	**6,233**	5,775
Other assets	12	**4,852**	3,479
Current tax assets		**6,770**	249
Total current assets		**464,120**	354,384
Non-current assets			
Trade and other receivables	9	**70,777**	67,552
Financial assets	11	**5,345**	7,410
Property, plant and equipment	13	**106,913**	102,577
Deferred tax assets	14	**75,001**	88,253
Intangible assets	15	**151,128**	104,611
Total non-current assets		**409,164**	370,403
Total assets		**873,284**	724,787
LIABILITIES			
Current liabilities			
Trade and other payables	16	**163,239**	139,693
Borrowings	17	**124**	7,000
Provisions	18	**14,352**	13,514
Other liabilities	19	**39,190**	41,926
Total current liabilities		**216,905**	202,133
Non-current liabilities			
Trade and other payables	16	**11,915**	850
Borrowings	17	**237,759**	207,453
Provisions	18	**14,130**	14,759
Other liabilities	19	**17,146**	23,068
Total non-current liabilities		**280,950**	246,130
Total liabilities		**497,855**	448,263
Net assets		**375,429**	276,524
EQUITY			
Contributed equity	20	**233,137**	233,137
Reserves	21(a)	**(78,085)**	(121,580)
Retained earnings	21(b)	**224,392**	166,735
Capital and reserves attributable to owners		**379,444**	278,292
Non-controlling interest	22	**(4,015)**	(1,768)
Total equity		**375,429**	276,524

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

Consolidated statement of changes in equity

for the year ended 30 September 2013

	Notes	Attributable to owners of Aristocrat Leisure Limited Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 January 2012		209,043	(119,032)	164,863	254,874	(2,730)	252,144
Profit for the 9 months to 30 September 2012		–	–	45,507	45,507	1,044	46,551
Other comprehensive income		–	(5,171)	–	(5,171)	–	(5,171)
Total comprehensive income for the year		–	(5,171)	45,507	40,336	1,044	41,380
Transactions with owners in their capacity as owners:							
Shares issued under dividend reinvestment plan	20	8,273	–	–	8,273	–	8,273
Shares issued under dividend underwriting	20	15,821	–	–	15,821	–	15,821
Net movement in share-based payments reserve	21(a)(ii)	–	(19)	–	(19)	–	(19)
Issues from the Trust to satisfy vested shares	21(a)(iii)	–	2,642	–	2,642	–	2,642
Dividends provided for and paid	7	–	–	(43,635)	(43,635)	–	(43,635)
Net movement in reserves attributable to non-controlling interest		–	–	–	–	(82)	(82)
		24,094	2,623	(43,635)	(16,918)	(82)	(17,000)
Balance at 30 September 2012		**233,137**	**(121,580)**	**166,735**	**278,292**	**(1,768)**	**276,524**
Profit for the 12 months to 30 September 2013		–	–	107,200	107,200	–	107,200
Other comprehensive income		–	25,904	–	25,904	–	25,904
Total comprehensive income for the year		**–**	**25,904**	**107,200**	**133,104**	**–**	**133,104**
Transactions with owners in their capacity as owners:							
Net movement in share-based payments reserve	21(a)(ii)	**–**	**9,683**	**–**	**9,683**	**–**	**9,683**
Issues from the Trust to satisfy vested shares	21(a)(iii)	**–**	**7,908**	**–**	**7,908**	**–**	**7,908**
Dividends provided for and paid	7	**–**	**–**	**(49,543)**	**(49,543)**	**–**	**(49,543)**
Dividends provided for and paid to non-controlling shareholder		**–**	**–**	**–**	**–**	**(2,025)**	**(2,025)**
Net movement in reserves attributable to non-controlling interest		**–**	**–**	**–**	**–**	**(222)**	**(222)**
		–	**17,591**	**(49,543)**	**(31,952)**	**(2,247)**	**(34,199)**
Balance at 30 September 2013		**233,137**	**(78,085)**	**224,392**	**379,444**	**(4,015)**	**375,429**

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

Consolidated statement of cash flows

for the year ended 30 September 2013

	Notes	Consolidated 12 months to 30 Sept 2013 $'000	9 months to 30 Sept 2012 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**757,604**	635,150
Payments to suppliers and employees (inclusive of goods and services tax)		**(639,517)**	(534,392)
		118,087	100,758
Other income		**755**	252
Interest received		**9,961**	5,628
Interest paid		**(13,303)**	(15,417)
Transaction costs relating to acquisition of subsidiary	36(i)	**(575)**	–
Income taxes paid		**(16,709)**	(3,315)
Net cash inflow from operating activities	33	**98,216**	87,906
Cash flows from investing activities			
Payment for acquisition of subsidiary (net of cash acquired)	36(v)	**(9,636)**	–
Payments for property, plant and equipment		**(33,020)**	(27,347)
Payments for intangibles		**(11,657)**	(2,976)
Proceeds from sale of available for sale financial assets		**503**	–
Loan repayments from non-controlling interest		**662**	–
Proceeds from sale of property, plant and equipment		**63**	94
Net cash outflow from investing activities		**(53,085)**	(30,229)
Cash flows from financing activities			
Proceeds from issue of shares (net of transaction costs)	20	**–**	15,821
Repayments of borrowings		**(262,129)**	(256,029)
Proceeds from borrowings		**274,092**	211,925
Finance lease payments		**(124)**	–
Dividends paid to company shareholders	7	**(49,543)**	(35,362)
Dividends paid to non-controlling shareholder		**(1,388)**	–
Net cash outflow from financing activities		**(39,092)**	(63,645)
Net increase/(decrease) in cash and cash equivalents		**6,039**	(5,968)
Cash and cash equivalents at the beginning of the period		**22,612**	29,354
Effects of exchange rate changes on cash and cash equivalents		**1,038**	(774)
Cash and cash equivalents at the end of period	8	**29,689**	22,612

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

Notes to the financial statements

for the year ended 30 September 2013

Note 1. Summary of significant accounting policies

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

(a) Basis of preparation

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

The financial year of the Group was changed from 31 December to 30 September during the prior period to better align the reporting period with Aristocrat's global business cycles. The comparative figures for the statement of comprehensive income, statement of cashflows and statement of changes in equity and related notes are for the 9 months to 30 September 2012. The results for the financial period ended 30 September 2013 are therefore not directly comparable with the results for 30 September 2012.

(i) Compliance with IFRS

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

(ii) Historical cost convention

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

(iii) Critical accounting estimates

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

(iv) Comparatives

Comparative information is reclassified where appropriate to enhance comparability.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company (or parent entity) as at 30 September 2013 and the results of all subsidiaries for the period then ended. The Company and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

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

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

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

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

Note 1. Summary of significant accounting policies continued

(b) Principles of consolidation continued

(ii) Employee Share Trust

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

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

(c) Segment reporting

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(iii) Group companies

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

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

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

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

(e) Revenue recognition

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

(i) Revenue from the sale of goods and related licences

Platform/machine sales

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

Value Added Customer Agreements

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

Note 1. Summary of significant accounting policies continued

(e) Revenue recognition continued

Value Added Service Agreements

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

Systems contracts

Revenue for long term systems contracts is recognised progressively over the period of the individual contracts. Revenue on short term contracts is recognised on installation of the systems, or on customer acceptance if there is a risk that the customer will not accept the installed system.

Licence income

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

(ii) Revenue from gaming operations, on-line and services

Participation revenue

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

Rental

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

Service revenue

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

Revenue in advance

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

On-line gaming revenue

Revenue from on-line gaming is recognised when the player uses the credits purchased. Amounts not used at period end are included in deferred revenue in the statement of financial position. As Aristocrat is the principal in such transactions, Facebook commissions are presented as expenses.

(iii) Interest income

Interest income is recognised using the effective interest method.

(f) Income tax

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

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

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

Note 1. Summary of significant accounting policies continued

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

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

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

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

Companies within the Group may be entitled to claim special tax deductions in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward.

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

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

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

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

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

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

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property, or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term, if it is not virtually certain that the Group will obtain ownership at the end of the lease term.

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

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

Note 1. Summary of significant accounting policies continued

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

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

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

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

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

(m) Inventories

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

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

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

Note 1. Summary of significant accounting policies continued

(o) Investments and other financial assets

Classification

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Recognition and derecognition

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

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

Measurement

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

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

Note 1. Summary of significant accounting policies continued

(o) Investments and other financial assets continued

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

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

Impairment

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

(p) Derivatives and hedging activities

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

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

(i) Fair value hedges

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

(ii) Cash flow hedges

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

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

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

(iii) Derivatives that do not qualify for hedge accounting

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

Note 1. Summary of significant accounting policies continued

(q) Fair value estimation
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and for disclosure purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 1. Summary of significant accounting policies continued

(s) Intangible assets continued

(iii) Trademarks and licences

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

(iv) Design and development

Design expenditure is recognised as an expense as incurred.

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

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

Only development costs relating to the creation of an asset that can be used or sold and can be reliably measured are capitalised as intangible assets. Capitalised amounts are amortised over three to seven years.

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

(t) Trade and other payables

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

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

(u) Borrowings

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

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

(v) Borrowing costs

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

(w) Provisions

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

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

Note 1. Summary of significant accounting policies continued

(w) Provisions continued

(i) Progressive jackpot liabilities

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

(ii) Warranties

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

(iii) Make good allowances

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

(x) Employee benefits – payable

(i) Short-term obligations

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

(ii) Other long-term benefit obligations

The liability for long service leave and annual leave 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 using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

(iii) Retirement benefit obligations

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

(iv) Share-based payments

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

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

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

Note 1. Summary of significant accounting policies continued

(x) Employee benefits – payable continued

(iv) Share-based payments continued

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

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

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

(v) Bonus plans

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

(vi) Employee benefit on-costs

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

(vii) Termination benefits

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

(y) Contributed equity

Ordinary shares are classified as equity.

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

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

(z) Dividends

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

Note 1. Summary of significant accounting policies continued

(aa) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(ab) Goods and Services Tax (GST)

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

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

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

(ac) Rounding of amounts

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

(ad) Parent entity financial information

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

(i) Investments in subsidiaries

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

(ii) Tax consolidation legislation

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

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

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

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

Note 1. Summary of significant accounting policies continued

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

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

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

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

(ae) New accounting standards and interpretations
Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2013 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

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

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

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

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

AASB 2012-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets. The AASB has made small changes to some of the disclosures that are required under AASB 136 Impairment of Assets. These may result in additional disclosures if the Group recognises an impairment loss or the reversal of an impairment loss during the period. They will not affect any of the amounts recognised in the financial statements. The Group intends to apply the amendment from 1 October 2014.

Note 2. Financial risk management

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

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

(a) Market risk

(i) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from floating rate borrowings drawn under bank debt facilities. If deemed necessary, the Group has the ability to manage floating interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating to fixed rates. Under the Group Treasury policy, the mix between fixed and floating rate debt is reviewed on a regular basis. The Group had predominantly floating rate Australian dollar and US dollar denominated borrowings during 2013. The Group had interest rate swaps in place amounting to $100,000,000 in order to reduce exposure to changes in floating interest rates. These expired in June 2013.

The weighted average interest rate on the Group's borrowings at 30 September 2013 was 2.7% (2012: 3.8%).

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

Group sensitivity

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

(ii) Foreign exchange risk

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

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

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

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

Group sensitivity

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

(iii) Price risk

The Group was exposed to equity securities price risk arising from an investment held by the Group and classified in the statement of financial position as available-for-sale. The Group's equity investment was in PokerTek Inc. shares publicly traded on the NASDAQ Index in the United States. This investment was disposed during the year. The Group's exposure to commodity price risk is indirect and is not considered likely to be material. Changes in price risk are unrealised and reflected through equity.

Note 2. Financial risk management continued

(a) Market risk continued

(iv) Summarised sensitivity analysis

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

Group sensitivity

2013	Carrying amount $'000	Interest rate risk –1% Profit $'000	Interest rate risk +1% Profit $'000	Foreign exchange risk –10% Profit $'000	Foreign exchange risk +10% Profit $'000	Price risk –10% Equity $'000	Price risk +10% Equity $'000
Financial assets							
Cash and cash equivalents	**29,689**	**(297)**	**297**	**(382)**	**313**	**–**	**–**
Receivables	**419,391**	**–**	**–**	**4,918**	**(4,024)**	**–**	**–**
Loans – other	**3,154**	**(32)**	**32**	**350**	**(287)**	**–**	**–**
Financial assets:							
Debt securities held-to-maturity	**11,578**	**(116)**	**116**	**–**	**–**	**–**	**–**
Financial liabilities							
Payables	**175,154**	**–**	**–**	**(967)**	**791**	**–**	**–**
Borrowings	**237,883**	**2,379**	**(2,379)**	**–**	**–**	**–**	**–**
Progressive jackpot liabilities	**9,619**	**96**	**(96)**	**–**	**–**	**–**	**–**
Total increase/(decrease)		**2,030**	**(2,030)**	**3,919**	**(3,207)**	**–**	**–**

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

Note 2. Financial risk management continued

(b) Credit risk

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

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

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

(c) Liquidity risk

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

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

Financing arrangements

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

	Consolidated	
	2013 $'000	2012 $'000
Floating Rate		
Expiring within one year (bank loans and bank overdrafts)	**15,003**	26,564
Expiring beyond one year (bank loans)	**137,569**	167,547
	152,572	194,111

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

Maturities of financial liabilities

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

(a) based on their contractual maturities:
- (i) all non-derivative financial liabilities, and
- (ii) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

(b) based on the remaining period to the expected settlement date:
- (i) derivative financial liabilities for which the contractual maturities are not essential for an understanding of the timing of cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Note 2. Financial risk management continued

(c) Liquidity risk continued

Contractual maturities of financial liabilities Group – at 30 September 2013	Less than 6 months $'000	6 – 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying Amount (assets)/ liabilities $'000
Non-derivatives							
Trade payables	**63,044**	**–**	**–**	**–**	**–**	**63,044**	**63,044**
Other payables	**98,070**	**–**	**1,605**	**–**	**–**	**99,675**	**99,675**
Contingent consideration	**2,184**	**–**	**6,338**	**6,118**	**–**	**14,640**	**12,435**
Borrowings	**–**	**124**	**–**	**237,759**	**–**	**237,883**	**237,883**
Borrowings – interest payments	**3,211**	**3,211**	**6,422**	**–**	**–**	**12,844**	**–**
Progressive jackpot liabilities	**676**	**3,598**	**1,355**	**2,539**	**1,451**	**9,619**	**9,619**
Total non-derivatives	**167,185**	**6,933**	**15,720**	**246,416**	**1,451**	**437,705**	**422,656**
Derivatives							
Gross settled (forward foreign exchange contracts – cash flow hedges)							
– (inflow)	**(17,673)**	**(6,887)**	**–**	**–**	**–**	**(24,560)**	**(996)**
– outflow	**16,949**	**6,615**	**–**	**–**	**–**	**23,564**	**–**
	(724)	**(272)**	**–**	**–**	**–**	**(996)**	**(996)**

Group – at 30 September 2012	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-derivatives							
Trade payables	51,579	–	–	–	–	51,579	51,579
Other payables	88,114	–	850	–	–	88,964	88,964
Borrowings	–	7,000	–	207,453	–	214,453	214,453
Borrowings – interest payments	4,075	4,075	8,149	8,149	–	24,448	–
Progressive jackpot liabilities	349	2,613	1,196	2,748	2,261	9,167	9,167
Total non-derivatives	144,117	13,688	10,195	218,350	2,261	388,611	364,163
Derivatives							
Net settled (interest rate swaps)	–	1,594	–	–	–	1,594	1,594
Gross settled (forward foreign exchange contracts – cash flow hedges)							
– (inflow)	(7,550)	(2,268)	–	–	–	(9,818)	(535)
– outflow	7,308	1,975	–	–	–	9,283	–
	(242)	(293)	–	–	–	(535)	(535)

Note 2. Financial risk management continued

(d) Fair value measurements

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

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

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from process) (level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following tables present the Group's assets and liabilities measured and recognised at fair value at 30 September 2013 and 30 September 2012.

Group as at 30 September 2013	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Derivatives used for hedging	–	**996**	–	**996**
Total assets	–	**996**	–	**996**
Liabilities				
Contingent consideration	–	–	**12,435**	**12,435**
Total liabilities	–	–	**12,435**	**12,435**

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

The total value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. These instruments are included in Level 2. The fair value of the contingent consideration is not based on observable market data, and is therefore included in Level 3.

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

Note 3. Critical accounting estimates and judgements

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

Critical accounting estimates and assumptions

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

(i) Estimated recoverable amount of goodwill and intangible assets

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

(ii) Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(iii) Carrying value of inventories

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

(iv) Fair value of contingent consideration

The fair value of the contingent consideration in Note 16 is estimated based on probability weighted expected payments relating to the Product Madness acquisition. Should the amounts payable vary from these estimates, then an adjustment to the carrying amount of the contingent consideration liability would be recognised in the profit and loss.

Note 4. Segment information

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

12 months to 30 September 2013	Americas $'000	Australia and NZ $'000	Japan $'000	Rest of world $'000	Consolidated $'000
Revenue					
Revenue from external customers	**421,869**	**187,247**	**55,588**	**143,978**	**808,682**
Other segment revenue	**–**	**5,105**	**–**	**–**	**5,105**
Segment revenue	**421,869**	**192,352**	**55,588**	**143,978**	**813,787**
Result					
Segment result	**154,051**	**77,033**	**9,751**	**50,142**	**290,977**
Interest revenue not allocated to segments					**5,597**
Interest expense					**(16,904)**
Design and development costs					**(118,890)**
Other					**(26,780)**
Profit before tax					**134,000**
Income tax expense					**(26,800)**
Net profit after tax					**107,200**
Other segment information					
Depreciation and amortisation expense	**27,202**	**7,916**	**1,454**	**6,267**	**42,839**

9 months to 30 September 2012	Americas $'000	Australia and NZ $'000	Japan $'000	Rest of world $'000	Consolidated $'000
Revenue					
Revenue from external customers	264,650	137,804	92,459	86,895	581,808
Other segment revenue	–	4,373	–	–	4,373
Segment revenue	264,650	142,177	92,459	86,895	586,181
Result					
Segment result	81,199	47,609	20,991	28,487	178,286
Interest revenue not allocated to segments					1,524
Interest expense					(15,394)
Design and development costs					(93,230)
Other					(17,988)
Profit before tax					53,198
Income tax expense					(6,647)
Net profit after tax					46,551
Other segment information					
Depreciation and amortisation expense	16,298	7,132	1,401	3,635	28,466

Note 4. Segment information continued

(b) Notes to the segment information

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

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

Segment results

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

Segment revenues are allocated based on the country in which the customer is located. Segment revenues and expenses are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis.

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

The activities of the entities in the Group are predominantly within a single business which is the design, development and distribution of gaming content, platforms and systems. The Group also operates within the on-line social gaming and real money wager markets.

Note 5. Profit for the period

	Notes	Consolidated 12 months to 30 Sept 2013 $'000	Consolidated 9 months to 30 Sept 2012 $'000
(a) Revenue			
Sale of goods and related licences	1(e)(i)	**551,043**	415,120
Gaming operations, on-line and services	1(e)(ii)	**257,639**	166,688
Total revenue		**808,682**	581,808
(b) Other income			
Interest		**10,702**	5,897
Foreign exchange gains	5(d)	**1,013**	35
Gain on disposal of property, plant and equipment		**19**	8
Sundry income		**755**	252
Total other income		**12,489**	6,192
(c) Expenses			
(i) Depreciation and amortisation			
Depreciation and amortisation of property, plant and equipment			
– Buildings		**643**	431
– Plant and equipment		**31,750**	21,260
– Leasehold improvements		**2,531**	1,798
Total depreciation and amortisation of property, plant and equipment	13	**34,924**	23,489
Amortisation of intangible assets			
– Computer technology		**6,996**	4,365
– Licences		**277**	130
– Development costs		**642**	482
Total amortisation of intangible assets	15	**7,915**	4,977
Total depreciation and amortisation		**42,839**	28,466
(ii) Employee benefits expense			
Salaries and wages		**189,304**	140,403
Superannuation costs		**9,065**	6,699
Post-employment benefits other than superannuation		**1,984**	4,898
Share-based payments expense	28(e)	**9,369**	4,849
Total employee benefits expense		**209,722**	156,849
(iii) Lease payments			
Rental expense relating to operating leases			
– Minimum lease payments		**14,490**	13,467
(iv) Other significant items			
– Write down of inventories to net realisable value		**3,223**	3,409
– Legal costs		**7,665**	6,688
(d) Net foreign exchange (loss)/gain			
Foreign exchange gain		**1,013**	35
Foreign exchange loss		**(2,875)**	(3,109)
Net foreign exchange (loss)/gain		**(1,862)**	(3,074)

Note 6. Income tax expense

	Consolidated 12 months to 30 Sept 2013 $'000	Consolidated 9 months to 30 Sept 2012 $'000
Major components of income tax expense are:		
(a) Income tax expense		
Current income tax	**16,877**	13,456
Deferred income tax	**15,950**	(3,745)
Adjustments in respect of current income tax of previous years	**(6,027)**	(3,064)
Income tax expense	**26,800**	6,647
Deferred income tax expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	**13,983**	(706)
Increase/(decrease) in deferred tax liabilities	**1,967**	(3,039)
Deferred income tax expense included in income tax expense	**15,950**	(3,745)
(b) Reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	**134,000**	53,198
Tax at the Australian tax rate of 30% (2012: 30%)	**40,200**	15,959
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Design and development	**(3,761)**	(1,894)
Tax losses not previously recognised	**(200)**	(1,600)
Overseas exempt income and non-creditable taxes	**(8,094)**	(4,737)
Legal and entertainment costs	**532**	427
Other non-deductible expenses	**1,895**	1,043
	30,572	9,198
Difference in overseas tax rates	**1,787**	2,371
Difference in exchange rates on overseas tax rates	**(247)**	845
Tax losses not recognised	**–**	2
Adjustment in respect of previous years income tax:		
Current income tax	**(6,027)**	(3,064)
Deferred income tax	**715**	(2,705)
Income tax expense	**26,800**	6,647
Average effective tax rate	**20.00%**	12.49%
(c) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly credited or (debited) to equity		
Current income tax – credited/(debited) directly to equity	**–**	–
Net deferred tax – credited/(debited) directly to equity	**7,740**	(2,220)
Aggregate current and deferred tax arising in the reporting period directly credited or (debited) to equity	**7,740**	(2,220)

Note 6. Income tax expense continued

	Consolidated 2013 $'000	2012 $'000
(d) Revenue and capital tax losses		
Unused gross tax losses for which no deferred tax asset has been recognised	**8,930**	8,502
Unused gross capital tax losses for which no deferred tax asset has been recognised	**86,962**	53,450
	95,892	61,952
Potential tax benefit	**28,053**	18,271

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

	Consolidated 2013 $'000	2012 $'000
(e) Unrecognised temporary differences		
Deferred tax assets on general temporary differences	**148**	130
	148	130

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

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

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

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

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

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

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

Note 7. Dividends

	Consolidated 12 months to 30 Sept 2013 $'000	9 months to 30 Sept 2012 $'000
Ordinary shares		
Final dividends paid		
– 2011 – 4.0 cents, unfranked, per fully paid share paid on 3 April 2012	**–**	21,668
– 2012 – 2.0 cents, unfranked, per fully paid share paid on 21 December 2012	**11,008**	–
Interim dividends paid		
– 2012 – 4.0 cents, unfranked, per fully paid share paid on 28 September 2012	**–**	21,967
– 2013 – 7.0 cents, unfranked, per fully paid share paid on 28 June 2013	**38,535**	–
Total dividends paid and provided during the year	**49,543**	43,635
Dividends paid were satisfied as follows:		
Paid in cash	**47,072**	35,474
Dividend received by Aristocrat Employee Equity Plan Trust	**(97)**	(112)
Paid through the Dividend Reinvestment Plan	**2,568**	8,273
	49,543	43,635

In the current period the dividends paid through the Dividend Reinvestment Plan were satisfied by an on-market purchase and transfer of shares. In the prior period, new share capital was issued.

Dividends not recognised at period end
Since the end of the year, the Directors have recommended the payment of a final dividend of 7.5 cents (2012: 2.0 cents) per fully paid ordinary share, unfranked. The aggregate amount of the proposed final dividend expected to be paid on 20 December 2013 out of retained earnings at 30 September 2013, but not recognised as a liability at the end of the year is $41,302,000.

	Consolidated 2013 $'000	2012 $'000
Franked dividends		
Estimated franking credits expected to be available for subsequent financial years based on a tax rate of 30% (2012: 30%)	**–**	–

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

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

Note 8. Cash and cash equivalents

	Consolidated 2013 $'000	2012 $'000
Cash at bank and in hand	**29,689**	22,612

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

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

Note 9. Trade and other receivables

	2013 $'000	2012 $'000
Current		
Trade receivables	**304,889**	226,495
Provision for impairment of receivables	**(5,322)**	(7,025)
	299,567	219,470
Other receivables	**49,047**	32,381
Loans to non-controlling parties – secured	**3,154**	1,351
	351,768	253,202

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

	2013 $'000	2012 $'000
Non-current		
Trade receivables	**65,143**	59,726
Other receivables	**5,634**	5,053
Loans to non-controlling parties – secured	**–**	2,773
	70,777	67,552

(a) Trade receivables – current
At period end, the ageing analysis of trade receivables is as follows:

	Total $'000	Current $'000	0-30 days $'000	31-60 days $'000	61-90 days $'000	91+ days $'000
2013 Consolidated	**304,889**	**280,307**	**11,490**	**6,396**	**1,766**	**4,930**
2012 Consolidated	226,495	200,752	16,995	2,288	3,198	3,262

Amounts shown as current in the above table represent receivables that are within their trading terms.
As of 30 September 2013, trade receivables of $854,218 (2012: $752,598) were past due and considered impaired and trade receivables of $23,727,513 (2012: $24,990,308) were past due but not impaired.
The ageing of past due and not impaired amounts is as follows:

	Total $'000	Current $'000	0-30 days $'000	31-60 days $'000	61-90 days $'000	91+ days $'000
2013 Consolidated	**23,728**	**–**	**11,441**	**6,330**	**1,707**	**4,250**
2012 Consolidated	24,990	–	16,969	2,286	3,181	2,554

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

Note 9. Trade and other receivables continued

	Consolidated 2013 $'000	2012 $'000
(a) Trade receivables – current continued		
Movements in the provision for impairment of receivables is as follows:		
At start of the period	**(7,025)**	(7,603)
Provision for impairment recognised during the year	**(507)**	(1,256)
Foreign currency exchange differences	**(809)**	203
Provisions no longer required	**3,019**	1,631
At end of the period	**(5,322)**	(7,025)

The creation and release of the provision for impaired receivables has been included in general and administration costs in the statement of comprehensive income. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash. Included in the provision above is $4,437,000 (2012: $6,230,000) relating to Latin America trade receivables.

(b) Trade receivables – non-current
No provision for impairment of receivables has been carried forward against the non-current receivables (2012: $nil). There are no other non-current receivables that are impaired or past due but not impaired.

(c) Other receivables – current
These include prepayments and other receivables incurred under normal terms and conditions and which do not earn interest.

(d) Other receivables – non-current
These include long-term deposits and prepayments and other receivables incurred under normal terms and conditions and which do not earn interest.

(e) Loan to non-controlling shareholders
This represents a loan issued to a third party on the partial sale of a subsidiary in the African operations (refer to Note 31).

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

(g) Fair value risk – current
Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

(h) Fair value – non-current
The fair values of non-current receivables approximate their discounted carrying values.

Note 9. Trade and other receivables continued

(i) Interest rate and foreign currency risk

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

	Consolidated 2013 $'000	Consolidated 2012 $'000
US dollars	**208,064**	143,896
Australian dollars	**117,952**	101,550
Other*	**96,529**	75,308
	422,545	320,754
Current receivables	**351,768**	253,202
Non-current receivables	**70,777**	67,552
	422,545	320,754

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

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

(j) Credit risk

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

	Consolidated 2013 $'000	Consolidated 2012 $'000
Trade receivables[1] with guarantees	**11,273**	3,372
Trade receivables[1] without guarantees	**353,437**	275,824
	364,710	279,196

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

Note 9. Trade and other receivables continued

(k) Leasing arrangements

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

	Consolidated 2013 $'000	2012 $'000
Minimum lease payments under finance leases are receivable as follows:		
Within one year	**10,851**	12,877
Later than one year but not later than five years	**7,916**	10,319
Gross investment in leases	**18,767**	23,196
Unearned finance income		
Within one year	**1,948**	1,456
Later than one year but not later than five years	**955**	2,021
	2,903	3,477
The present value of minimum lease payments is as follows:		
Within one year	**8,903**	11,421
Later than one year but not later than five years	**6,961**	8,298
	15,864	19,719
Lease receivables are classified as follows:		
Current	**8,903**	11,421
Non-current	**6,961**	8,298
	15,864	19,719

Note 10. Inventories

	Notes	Consolidated 2013 $'000	2012 $'000
Current			
Raw materials and stores – at cost		**61,117**	60,688
Provision for obsolescence		**(22,598)**	(23,954)
		38,519	36,734
Work in progress – at cost		**2,337**	2,194
Finished goods – at cost		**24,899**	28,645
Provision for obsolescence		**(2,408)**	(1,640)
		22,491	27,005
Contract work in progress		**105**	333
Inventory in transit – at cost		**1,356**	2,801
		64,808	69,067

Inventory expense
Inventories recognised as an expense during the year ended 30 September 2013 amounted to $236,954,000 (2012: $179,458,000).

Note 11. Financial assets

	Notes	2013	2012
Current			
Debt securities held-to-maturity		**6,233**	5,775
Non-current			
Debt securities held-to-maturity		**5,345**	6,019
Available-for-sale equity securities	11(a)	**–**	1,391
		5,345	7,410

(a) Available-for-sale equity securities	2013	2012
Balance at the beginning of the year	**1,391**	1,391
Disposals	**(1,391)**	–
Balance at the end of the year	**–**	1,391

(b) Impairment and risk exposure – available-for-sale financial assets
The maximum exposure to credit risk at the reporting date is the carrying amount of the investments.

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

(c) Impairment and risk exposure – held-to-maturity investments
The maximum exposure to credit risk at the reporting date is the carrying amount of the investments. All investments were issued by entities rated 'A' or higher.

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

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

Note 12. Other assets

	Notes	Consolidated 2013 $'000	2012 $'000
Intellectual property rights	1(n)	**4,852**	3,479

Note 13. Property, plant and equipment

	2013	2012
Land and buildings		
Land and buildings – at deemed cost	**13,567**	12,671
Leasehold improvements – at cost	**34,091**	32,141
Accumulated amortisation	**(19,038)**	(15,691)
	15,053	16,450
Total land and buildings	**28,620**	29,121
Plant and equipment		
Plant and equipment owned – at cost	**208,416**	174,580
Accumulated depreciation	**(130,123)**	(101,124)
Total plant and equipment	**78,293**	73,456
	106,913	102,577

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

	Land and buildings $'000	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Consolidated				
Carrying amount at 1 January 2012	12,939	18,394	77,934	109,267
Additions	537	65	26,366	26,968
Disposals	–	–	(298)	(298)
Transfers	–	–	(7,647)	(7,647)
Depreciation and amortisation	(431)	(1,798)	(21,260)	(23,489)
Foreign currency exchange differences	(374)	(211)	(1,639)	(2,224)
Carrying amount at 30 September 2012	**12,671**	**16,450**	**73,456**	**102,577**
Additions	**25**	**1,682**	**34,639**	**36,346**
Disposals	**–**	**–**	**(110)**	**(110)**
Acquisition of subsidiary	**–**	**–**	**107**	**107**
Transfers	**–**	**160**	**(3,965)**	**(3,805)**
Depreciation and amortisation	**(643)**	**(2,531)**	**(31,750)**	**(34,924)**
Foreign currency exchange differences	**1,514**	**(708)**	**5,916**	**6,722**
Carrying amount at 30 September 2013	**13,567**	**15,053**	**78,293**	**106,913**

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

Note 14. Deferred tax assets

	Consolidated 2013 $'000	2012 $'000
The balance comprises temporary differences attributable to:		
Accruals and other provisions	**3,615**	5,315
Convertible bonds litigation provision	**11,000**	19,801
Employee benefits	**7,838**	10,123
Plant, equipment and intangible assets	**8,371**	7,634
Provision for stock obsolescence	**3,437**	3,956
Share based equity	**4,403**	(3,090)
Unrealised foreign exchange losses	**1,571**	2,037
Tax losses	**41,522**	43,149
Other	**5,524**	6,685
Gross deferred tax assets	**87,281**	95,610
Deferred tax liabilities in relation to overseas subsidiaries (not offset above)	**(12,280)**	(7,357)
Net deferred tax assets	**75,001**	88,253
Movements		
Balance at start of period	**88,253**	90,832
Charged to the statement of comprehensive income	**(15,950)**	3,745
Charged to equity (share-based equity and foreign currency exchange differences)	**7,740**	(2,220)
Tax losses utilised	**(1,584)**	(6,179)
Tax credits utilised	**–**	(1,364)
Tax losses recognised	**–**	3,534
Deferred tax liability on acquisition of subsidiary	**(1,932)**	–
Foreign exchange currency movements	**(1,526)**	(95)
Closing balance at period end	**75,001**	88,253

Note 15. Intangible assets

	Consolidated 2013 $'000	Consolidated 2012 $'000
Goodwill	**106,122**	77,422
Licences	**9,868**	8,588
Accumulated amortisation	**(474)**	(160)
	9,394	8,428
Development costs	**9,035**	4,496
Accumulated amortisation	**(1,766)**	(1,124)
	7,269	3,372
Technology and software	**91,792**	69,036
Accumulated amortisation	**(63,449)**	(53,647)
	28,343	15,389
Total	**151,128**	104,611

Development costs are costs incurred on internal development projects where the criteria in Note 1(s)(iv) are met.

	Goodwill $'000	Licences $'000	Development costs $'000	Technology and software $'000	Total $'000
Consolidated					
Carrying amount at 1 January 2012	79,774	6,122	3,854	19,556	109,306
Additions	–	2,610	–	366	2,976
Disposals	–	–	–	(8)	(8)
Amortisation charge	–	(130)	(482)	(4,365)	(4,977)
Foreign currency exchange movements	(2,352)	(174)	–	(160)	(2,686)
Carrying amount at 30 September 2012	**77,422**	**8,428**	**3,372**	**15,389**	**104,611**
Additions	**17,138**	**1,611**	**4,539**	**18,649**	**41,937**
Disposals	**–**	**–**	**–**	**(6)**	**(6)**
Amortisation charge	**–**	**(277)**	**(642)**	**(6,996)**	**(7,915)**
Foreign currency exchange movements	**11,562**	**(368)**	**–**	**1,307**	**12,501**
Carrying amount at 30 September 2013	**106,122**	**9,394**	**7,269**	**28,343**	**151,128**

Note 15. Intangible assets continued

(a) Impairment tests

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

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

(i) Wholly-owned controlled entities

	2013 $'000	2012 $'000
Americas	**55,975**	49,797
Product Madness	**19,204**	–
South Africa	**483**	527
Aristocrat Lotteries	**30,460**	27,098
	106,122	77,422

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

In the year ended 30 September 2013 and period ended 30 September 2012, the recoverable amount of the Group's CGUs were determined based upon a value-in-use calculation.

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

(i) Value-in-use

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:

1. Financial budgets and strategic plans, approved by the Board to 2016, management projections from 2017 to 2019 for Aristocrat Lotteries, and management projections from 2017 to 2018 for North America and Japan. These projections, which include projected revenues, gross margins and expenses, have been determined based on past performance and management expectations for the future. Expected market conditions in which each CGU operates in have been taken into account in the projections. Cash flows that extend beyond a five year period are based on contracts expected to be in place at that time. Refer below for terminal growth rates used for each CGU.
2. A pre-tax annual discount rate of:

	2013	2012
Americas	**13.3%**	13.3%
Japan	**14.8%**	17.1%
Aristocrat Lotteries	**15.8%**	15.1%

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

	2013	2012
Americas	**3.0%**	3.0%
Japan	**2.0%**	2.0%
Aristocrat Lotteries	**3.0%**	3.0%

4. An allocation of head office assets.

On the basis of materiality, a high level review of the goodwill relating to South Africa was performed. Based on expected results, it was not considered necessary to perform a detailed review of impairment of the related goodwill balance. Refer to Note 36 for information on the acquisition of Product Madness.

(c) Impact of possible changes in key assumptions

With regard to the assessment of the value-in-use of the CGUs, management do not believe that a reasonably possible change in any one of the key assumptions would cause the carrying value of the CGUs to materially exceed their recoverable amounts for the Americas and Japan intangibles. For Aristocrat Lotteries, the CGU is dependent on a small number of contracts to generate its cash flows. Should key contracts be lost, or contracts expected to be obtained not proceed, then an impairment in the intangibles may result.

Note 16. Trade and other payables

	Consolidated 2013 $'000	2012 $'000
Current		
Trade payables	**63,044**	51,579
Contingent consideration	**2,125**	–
Other payables	**98,070**	88,114
	163,239	139,693
Non-current		
Contingent consideration	**10,310**	–
Other payables	**1,605**	850
	11,915	850

(a) Foreign currency risk
The carrying amounts of the Group's payables are denominated in the following currencies:

US dollars	**85,424**	55,054
Australian dollars	**50,320**	52,870
Other[1]	**39,410**	32,619
	175,154	140,543

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

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

Note 17. Borrowings

	Consolidated 2013 $'000	2012 $'000
Current		
Unsecured		
Bank loans	**–**	7,000
Lease liabilities	**124**	–
	124	7,000
Non-current		
Secured		
Bank loans	**237,431**	207,453
Lease liabilities	**328**	–
	237,759	207,453

Note 17. Borrowings continued

	Notes	Consolidated 2013 $'000	2012 $'000
(a) Financing arrangements			
Unrestricted access was available at balance date to the following lines of credit:			
Credit standby arrangements			
Total facilities			
– Bank overdrafts	(i)	**7,148**	6,911
– Bank loans	(ii)	**375,000**	375,000
– Other	(iii)	**10,000**	28,507
		392,148	410,418
Used at reporting date			
– Bank overdrafts		**2,145**	1,854
– Bank loans		**237,431**	207,453
– Other		**–**	7,000
		239,576	216,307
Unused at reporting date			
– Bank overdrafts		**5,003**	5,057
– Bank loans		**137,569**	167,547
– Other		**10,000**	21,507
		152,572	194,111

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

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

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

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

Borrowings are at a floating rate. During the period, a portion of the interest rate exposure had been fixed under separate interest rate swap arrangements.

(iii) Other facilities relate to uncommitted money market borrowing line with Westpac Banking Corporation. As at 30 September 2013, there were no drawings made under this facility.

Note 17. Borrowings continued

(b) Forward exchange contracts

The Group enters into derivatives in the form of forward exchange contracts to hedge foreign currency denominated receivables and also to manage the purchase of foreign currency denominated inventory and capital items. The following table provides information as at 30 September 2013 on the net fair value of the Group's existing foreign exchange hedge contracts:

Currency pair	Weighted average exchange rate	Maturity profile[1] 1 year or less $'000	Maturity profile[1] 1 to 7 year(s) $'000	Net fair value gain/(loss)[2] $'000
AUD/USD	0.8957	10,742	-	386
AUD/USD	1.0052	6,311	-	534
AUD/EUR	0.6765	4,348	-	44
AUD/ZAR	9.7008	999	-	(7)
USD/ZAR	10.0410	2,134	-	39
Total		24,534	-	996

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

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

(c) Net fair value of financial assets and liabilities

(i) On-statement of financial position

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

(ii) Off-statement of financial position

At 30 September 2013, there were no off-statement of financial position financial assets or liabilities, other than those potential liabilities which may arise from certain contingencies disclosed in Note 24.

(d) Foreign currency risk

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

	Consolidated 2013 $'000	Consolidated 2012 $'000
US dollars	**107,423**	76,453
Australian dollars	**113,403**	138,000
Japanese yen	**17,057**	–
	237,883	214,453

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

Note 18. Provisions

	Notes	Consolidated 2013 $'000	2012 $'000
Current			
Employee benefits	1(x)	**8,940**	9,140
Make good allowances	1(w)	**259**	33
Progressive jackpot liabilities	1(w)	**4,274**	3,147
Warranties	1(w)	**254**	382
Other		**625**	812
		14,352	13,514
Non-current			
Employee benefits	1(x)	**5,110**	5,284
Make good allowances	1(w)	**3,675**	3,455
Progressive jackpot liabilities	1(w)	**5,345**	6,020
		14,130	14,759

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

	Make good allowances $'000	Progressive jackpot liabilities $'000	Warranties $'000	Other $'000	Total $'000
Consolidated – current and non-current					
Carrying amount at 1 October 2012	3,488	9,167	382	812	13,849
Payments	–	(6,912)	(89)	(723)	(7,724)
Additional provisions recognised	408	6,228	675	625	7,936
Reversal of provisions recognised	(3)	–	(696)	–	(699)
Foreign currency exchange differences	41	1,136	(18)	(89)	1,070
Carrying amount at 30 September 2013	3,934	9,619	254	625	14,432

Note 19. Other liabilities

	Consolidated 2013 $'000	2012 $'000
Current		
Deferred revenue	**39,190**	41,926
Non-current		
Deferred revenue	**7,309**	9,814
Other	**9,837**	13,254
	17,146	23,068

Note 20. Contributed equity

	Notes	Consolidated 2013 Shares	Consolidated 2012 Shares	Consolidated 2013 $'000	Consolidated 2012 $'000
Ordinary shares, fully paid		**551,418,047**	551,418,047	**233,137**	233,137
Movements in ordinary share capital					
Ordinary shares at the beginning of the year	(a)	**551,418,047**	543,181,024	**233,137**	209,043
Shares issued under dividend underwriting		**–**	5,301,381	**–**	15,821
Shares issued under dividend reinvestment plan		**–**	2,935,642	**–**	8,273
Ordinary shares at the end of the financial year		**551,418,047**	551,418,047	**233,137**	233,137

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

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

There is no current on-market buy back.

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

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

	2013	2012
Gearing ratio (gross debt/bank EBITDA*)	**1.2x**	1.2x
Interest coverage ratio (bank EBITDA*/interest expense**)	**12.4x**	8.6x

* Bank EBITDA = EBITDA + Interest Received

** Interest expense shown above includes ongoing finance fees relating to bank debt facility arrangements, such as line fees. The ratios for the 2013 and 2012 years have been calculated on this basis.

Note 21. Reserves and retained earnings

	Notes	Consolidated 2013 $'000	Consolidated 2012 $'000
(a) Reserves			
Foreign currency translation reserve	(i)	**(73,305)**	(97,615)
Share-based payments reserves	(ii),(iii)	**(4,780)**	(22,371)
Interest rate hedge reserve	(iv)	**–**	(1,594)
		(78,085)	(121,580)

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

Foreign currency translation reserve at the beginning of the financial year	**(97,615)**	(91,874)
Net exchange differences on translation of foreign operations and, net investment in foreign operations	**24,310**	(5,741)
Foreign currency translation reserve at the end of the financial year	**(73,305)**	(97,615)

Note 21. Reserves and retained earnings continued

(a) Reserves continued

	Notes	Consolidated 2013 $'000	2012 $'000
(ii) Share-based payments reserve			
The share-based payments reserve is used to recognise the fair value of all shares, options and rights both issued and issued but not exercised under the various employee share plans.			
Share-based payments reserve at the beginning of the financial year		**(5,574)**	(5,555)
Share-based payments expense		**9,369**	4,849
Issues from the Trust to satisfy vested shares		**(7,908)**	(2,642)
Share-based tax and other adjustments		**8,222**	(2,226)
Net movement in share-based payments reserve		**9,683**	(19)
Share-based payments reserve at the end of the financial year		**4,109**	(5,574)
(iii) Share-based payments trust reserve			
The share-based payments trust reserve is used to recognise the cost, post-income tax, of shares purchased through the Aristocrat Employee Equity Plan Trust.			
Share-based payments trust reserve at the beginning of the financial year		**(16,797)**	(19,439)
Issues from the Trust to satisfy vested shares		**7,908**	2,642
Share-based payments trust reserve at the end of the financial year[1]		**(8,889)**	(16,797)

1 Represents 727,443 shares (2012: 1,321,141)

	Notes	2013 $'000	2012 $'000
Total share-based payments reserves at the beginning of the financial year		**(22,371)**	(24,994)
Net movement in share-based payments reserves		**17,591**	2,623
Total share-based payments reserve at the end of the financial year		**(4,780)**	(22,371)
(iv) Interest rate hedge reserve			
The interest rate hedge reserve is used to record gains or losses on interest rate hedges that are recognised in other comprehensive income.			
Interest rate hedge reserve at the beginning of the year		**(1,594)**	(2,164)
Movement in fair value of interest rate hedges		**1,594**	570
Interest rate hedge reserve at the end of the financial year		**–**	(1,594)
(b) Retained earnings			
Retained earnings at the beginning of the financial year		**166,735**	164,863
Net profit attributable to owners of Aristocrat Leisure Limited		**107,200**	45,507
Dividends paid or provided for	7	**(49,543)**	(43,635)
Retained earnings at the end of the period		**224,392**	166,735

Note 22. Non-controlling interest

	Consolidated 2013 $'000	Consolidated 2012 $'000
Non-controlling interest in controlled entity comprises:		
Retained earnings/(losses) – start of the period	**(1,137)**	(2,181)
Profit after income tax expense	**–**	1,044
Dividends paid	**(2,025)**	–
Retained earnings/(losses) – end of the period	**(3,162)**	(1,137)
Contributed equity	**–**	–
Reserves	**(853)**	(631)
	(4,015)	(1,768)

On 26 August 2013, the Group signed a contract to acquire 28% of the ordinary shares and the sole preference share of Aristocrat Africa (Pty) Limited for a purchase consideration of $3,153,552. This will result in Aristocrat Africa (Pty) Limited becoming 100% owned by the Group. Under the agreement, the non-controlling interest is not entitled to preference dividends relating to the 2013 and subsequent years, and ceased having an interest in the profits of Aristocrat Africa (Pty) Limited from June 2013. The agreement is conditional on the receipt of customary regulatory approvals.

Note 23. Events occurring after reporting date

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 7 for information regarding dividends declared after reporting date.

Note 24. Contingent liabilities

The Group and parent entity have contingent liabilities at 30 September 2013 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 materially adverse effect on the Group;

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

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

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

Note 25. Commitments

	Consolidated 2013 $'000	2012 $'000
Capital commitments		
Capital equipment and other commitments contracted at the reporting date but not recognised as liabilities, payable within one year	**49**	465
Lease commitments		
Non-cancellable operating leases		
The Group leases various offices and plant and equipment under non-cancellable operating leases.		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**13,584**	14,985
Later than one year but not later than five years	**46,738**	42,719
Later than five years	**18,107**	28,710
Commitments not recognised in the financial statements	**78,429**	86,414
Sub-lease payments		
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	**11,008**	11,768

Note 26. Subsidiaries

	Notes	Country of incorporation	Equity holding 2013 %	2012 %
Ultimate parent entity				
Aristocrat Leisure Limited		Australia	-	-
Controlled entities				
Aristocrat Technical Services Pty Ltd		Australia	**100**	100
Aristocrat Properties Pty Ltd		Australia	**100**	100
Aristocrat (Holdings) Pty Ltd		Australia	**100**	100
Aristocrat Technologies Australia Pty Ltd		Australia	**100**	100
ASSPA Pty Ltd		Australia	**100**	100
Aristocrat Technology Gaming Systems Pty Limited		Australia	**100**	100
Aristocrat International Pty Ltd		Australia	**100**	100
Aristocrat Leisure Cyprus Limited		Cyprus	**100**	100
Aristocrat Lotteries AB		Sweden	**100**	100
Aristocrat Gaming LLC		Russia	**100**	100
Aristocrat (Argentina) Pty Limited		Australia	**100**	100
AI (Puerto Rico) Pty Limited		Australia	**100**	100
Aristocrat (Latin America) Pty Ltd		Australia	**100**	100
Aristocrat Technologies Mexico, S.A. DE C.V.		Mexico	**100**	100
Aristocrat Service Mexico, S.A. DE C.V.		Mexico	**100**	100
Aristocrat (Asia) Pty Limited		Australia	**100**	100
Aristocrat (Macau) Pty Limited		Australia	**100**	100
Aristocrat (Philippines) Pty Limited		Australia	**100**	100

Note 26. Subsidiaries continued

	Notes	Country of incorporation	Equity holding 2013 %	2012 %
Aristocrat (Singapore) Pty Limited		Australia	**100**	100
Aristocrat (Cambodia) Pty Limited		Australia	**100**	100
Aristocrat (Malaysia) Pty Limited		Australia	**100**	100
Aristocrat Leisure Technology Development (Beijing) Co. Ltd		China	**100**	100
Aristocrat Technologies Europe (Holdings) Limited		UK	**100**	100
Aristocrat Technologies Europe Limited		UK	**100**	100
ASSPA (UK) Limited		UK	**100**	100
Aristocrat Technologies LLC		Russia	**100**	100
Aristocrat Technologies Spain S.L.		Spain	**100**	100
Product Madness (UK) Limited		UK	**100**	-
Aristocrat Lotteries Italia S.r.L.		Italy	**100**	100
Aristocrat Technologies NZ Limited		New Zealand	**100**	100
Aristocrat Technologies, Inc.		USA	**100**	100
Aristocrat Funding Corporation Pty Ltd		Australia	**100**	100
Aristocrat Technologies Canada, Inc.		Canada	**100**	100
Product Madness Inc.		USA	**100**	-
Aristocrat C.A.		Venezuela	**100**	100
Aristocrat Research & Development (Africa) Pty Ltd		South Africa	**100**	100
Aristocrat Africa (Pty) Ltd	(a)	South Africa	**72**	72
Aristocrat Technologies Africa (Pty) Ltd	(a)	South Africa	**72**	72
KK Aristocrat Technologies		Japan	**100**	100
Aristocrat Hanbai KK		Japan	**100**	100
KK Spiky		Japan	**100**	100
Aristocrat Technologies India Private Ltd		India	**100**	100
Aristocrat Technologies Hong Kong Limited		Hong Kong	**100**	100
Other controlled entities				
Aristocrat Employee Equity Plan Trust		Australia	**100**	100

(a) An agreement has been signed to acquire the remaining 28% interest in this subsidiary. Refer to Note 22.

Note 27. Employee benefits

	Notes	Consolidated 2013 $'000	2012 $'000
Employee benefits and related on-cost liabilities			
Included in payables – current		**24,894**	25,127
Provision for employee benefits – current	18	**8,940**	9,140
Provision for employee benefits – non-current	18	**5,110**	5,284
Aggregate employee benefits and related on-cost liabilities		**38,944**	39,551

Note 28. Share-based payments

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

(a) Performance Share Plan ('PSP')

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

As at 30 September 2013, 12 employees (2012: 10) were entitled to 6,191,023 (2012: 5,605,349) Performance Share Rights under this plan.

Accounting fair value of Performance Share Rights granted

The assessed accounting fair values of Performance Share Rights granted during the financial years ended 30 September 2013 and 30 September 2012 are as follows:

Performance Share Right series	Performance period start date	Performance period expiry date	Performance condition[1]	Accounting valuation date	Accounting valuation[2]
Issued 2013					
Series 22A	1 October 2012	30 September 2015	TSR	20 February 2013	2.45
Series 22B	1 October 2012	30 September 2015	EPSG	20 February 2013	3.50
Series 23A	1 October 2012	30 September 2015	TSR	20 February 2013	2.45
Series 23B	1 October 2012	30 September 2015	EPSG	20 February 2013	3.50
Issued 2012					
Series 20A	1 January 2012	31 December 2014	TSR	2 May 2012	2.03
Series 20B	1 January 2012	31 December 2014	EPSG	2 May 2012	2.80
Series 21A	1 January 2012	31 December 2014	TSR	2 May 2012	2.03
Series 21B	1 January 2012	31 December 2014	EPSG	2 May 2012	2.80
Series 21A[3]	1 January 2012	31 December 2014	TSR	3 September 2012	1.62
Series 21B[3]	1 January 2012	31 December 2014	EPSG	3 September 2012	2.49

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

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

3 For two executives participating in Series 21A and 21B, Performance Share Rights were granted following the commencement of employment.

Note 28. Share-based payments continued

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

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

(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.

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 2013 and period ended 30 September 2012 included:

(a) share rights are granted for no consideration and have a three year life;

(b) exercise price: zero consideration;

(c) the grant date and expiry dates: refer to tables below:

(d) share price at grant date:

2013: series 22A and 23A: $3.86

2012: series 20A - $3.07; series 21A - $3.07 and $2.69

(e) price volatility of the Company's shares:

2013: series 22A and 23A: 35%

2012: series 20A and 21A - 40%

(f) dividend yield:

2013: series 22A and 23A: 3.8%

2012: series 20A and 21A - 3.4%

(g) risk-free interest rate:

2013: series 22A and 23A: 2.84%

2012: series 20A - 2.9%; series 21A - 2.9% and 2.52%

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

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 2013 and period ended 30 September 2012 included:

(a) share rights are granted for no consideration and have a three year life;

(b) exercise price: zero consideration;

(c) the grant date and expiry dates: refer to tables below;

(d) share price at grant date:

2013: series 22B and 23B: $3.86

2012: series 20B - $3.07; series 21B – $3.07 and $2.69

(e) price volatility of the Company's shares:

2013: series 22B and 23B: 35%

2012: series 20B and 21B – 40%

(f) dividend yield:

2013: series 22B and 23B: 3.8%

2012: series 20B and 21B – 3.4%

(g) risk-free interest rate:

2013: series 22B and 23B: 2.84%

2012: series 20B - 2.9%; series 21B – 2.9% and 2.52%

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

Note 28. Share-based payments continued

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

Performance Share Rights are detailed in the tables below:

Consolidated – 2013

Right series	Grant date	Performance period expiry date	Rights at start of year Number	Add: new rights issues Number	Less: rights exercised Number	Less: rights lapsed Number	Rights at end of year Number
PSP							
Series 15A	28 April 2010	31 December 2012	224,786	–	–	224,786	–
Series 15B	28 April 2010	31 December 2012	224,786	–	–	224,786	–
Series 17A	1 January 2010	31 December 2012	288,894	–	–	288,894	–
Series 17B	1 January 2010	31 December 2012	288,894	–	–	288,894	–
Series 18A	3 May 2011	31 December 2013	306,000	–	–	–	306,000
Series 18B	3 May 2011	31 December 2013	714,000	–	–	–	714,000
Series 19A	1 January 2011	31 December 2013	237,431	–	–	27,197	210,234
Series 19B	1 January 2011	31 December 2013	554,007	–	–	63,460	490,547
Series 20A	2 May 2012	31 December 2014	405,000	–	–	–	405,000
Series 20B	2 May 2012	31 December 2014	945,000	–	–	–	945,000
Series 21A	1 January 2012	31 December 2014	424,964	–	–	74,493	350,471
Series 21B	1 January 2012	31 December 2014	991,587	–	–	173,816	817,771
Series 22A	20 February 2013	30 September 2015	–	229,850	–	–	229,850
Series 22B	20 February 2013	30 September 2015	–	536,150	–	–	536,150
Series 23A	1 October 2012	30 September 2015	–	356,300	–	–	356,300
Series 23B	1 October 2012	30 September 2015	–	829,700	–	–	829,700
			5,605,349	**1,952,000**	**–**	**1,366,326**	**6,191,023**

Note 28. Share-based payments continued

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

Performance Share Rights are detailed in the tables below:

Consolidated – 2012

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

(b) General Employee Share Plan

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

During the year, the Company issued 149,296 shares (2012: nil) to 657 employees (2012: nil) in Australia under this plan.

(c) Deferred equity employee plan

Certain eligible employees are offered incentives of being granted share rights that are based on individual and company performance, subject to continued employment. Should the performance criteria be met, an amount of share rights are granted. As a result of the meeting of performance criteria in the 2011 and 2012 financial years, 1,518,800 performance shares rights are outstanding as at 30 September 2013. These rights are subject to the employees remaining with the Group until February 2014 and February 2015.

(d) Deferred short term incentive plan

Upon the vesting of short term incentives, Executive Leadership Team members receive at target incentives as 50% cash and 50% deferred as performance share rights. These share rights are expensed over the vesting periods, being two and three years. The number of rights outstanding at 30 September 2013 is 735,148.

Note 28. Share-based payments continued

(e) Share-based payments expense

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

	Consolidated	
	12 months to 30 Sept 2013 $'000	9 months to 30 Sept 2012 $'000
Performance Share Plan	**3,474**	2,805
General Employee Share Plan	**877**	328
Deferred Equity Employee Plan	**1,627**	1,280
Deferred Short Term Incentive Plan	**2,716**	436
Other	**675**	–
	9,369	4,849

Note 29. Key management personnel disclosures

Key management personnel compensation

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

	Consolidated	
	12 months to 30 Sept 2013 $	9 months to 30 Sept 2012 $
Short-term employee benefits	**5,316,820**	4,257,267
Post-employment benefits	**140,510**	151,661
Long-term benefits	**44,808**	51,616
Termination benefits	**–**	389,233
Share-based payments	**4,238,582**	3,169,095
	9,740,720	8,018,872

Detailed remuneration disclosures are provided in the Remuneration Report.

Note 29. Key management personnel disclosures continued

Performance Share Plan rights provided as remuneration and rights holdings

Details of PSRs in the Company held during the financial year by any KMP of the Group together with terms and conditions of the rights can be found in the Remuneration Report.

Holdings of rights

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

Name	Balance at start of year	Granted	Lapsed	Balance at end of year	Vested	Unvested
2013						
JR Odell	2,819,572	766,000	(449,572)	3,136,000	–	3,136,000
A Korsanos	549,746	163,500	(119,816)	593,430	–	593,430
TJ Croker	543,565	155,000	(119,816)	578,749	–	578,749
A Bali	178,134	222,500	–	400,634	–	400,634

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

General Employee Share Plan ('GESP') provided as remuneration

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

Loans to key management personnel

No KMP held any loans with the Company during the financial year.

Other transactions with key management personnel

There were no other transactions with Directors and other KMP during the year ended 30 September 2013.

Note 29. Key management personnel disclosures continued

Share holdings

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

Name	Balance at start of year	Changes during the year	Balance at end of year
2013			
Non-Executive Directors			
ID Blackburne	105,000	–	105,000
RA Davis	30,849	–	30,849
RV Dubs	10,000	–	10,000
SW Morro	25,000	–	25,000
DCP Banks	10,000	–	10,000
LG Flock	15,000	(15,000)	–
Other key management personnel			
JR Odell	64,457	44,135	108,592
A Korsanos	2,730	18,457	21,187
TJ Croker	12	14,050	14,062
A Bali	–	–	–

Name	Balance at start of year	Changes during the year	Balance at end of year
2012			
Non-Executive Directors			
ID Blackburne	80,000	25,000	105,000
RA Davis	30,849	–	30,849
RV Dubs	10,000	–	10,000
SW Morro	20,000	5,000	25,000
DCP Banks	10,000	–	10,000
LG Flock	–	15,000	15,000
Other key management personnel			
JR Odell	64,457	–	64,457
A Korsanos	2,465	265	2,730
TJ Croker	4	8	12
A Bali	–	–	–
Former key management personnel			
WP Jowett	269,401	(24,735)	244,666
NR Khin	1,422	14,388	15,810

Note 30. Remuneration of auditors

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

	Consolidated 12 months to 30 Sept 2013 $'000	9 months to 30 Sept 2012 $'000
Assurance services		
Audit services		
Fees paid to PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	**480,065**	443,821
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**769,029**	649,893
Total remuneration for audit services	**1,249,094**	1,093,714
Other assurance services		
Fees paid to PricewaterhouseCoopers Australian firm	**7,000**	–
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**74,560**	66,729
Total remuneration for other assurance services	**81,560**	66,729
Total remuneration for assurance services	**1,330,654**	1,160,443
Advisory services		
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**127,036**	730,911
Total remuneration for advisory services	**127,036**	730,911

Note 31. Related parties

(a) Other transactions with key management personnel

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

(b) Transactions with non-controlling interest

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

	2013 $	2012 $
Net amount receivable from non-controlling interest as at reporting date		
Current		
Receivable from non-controlling interest	**3,153,552**	1,350,501
Non-current		
Receivable from non-controlling interest	**–**	2,773,290

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

The loan is secured over the shares of the South African legal entity and the shareholder's dividends are partially redirected as repayments against the loan balance. Refer to Note 22 for details of an acquisition of shares from the non-controlling interest. The loan receivable will be repaid at the time that the share transaction is settled.

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

(c) Subsidiaries

Interests in subsidiaries are set out in Note 26.

Note 32. Earnings per share

	Consolidated 12 months to 30 Sept 2013 Cents	Consolidated 9 months to 30 Sept 2012 Cents
Basic earnings per share	**19.5**	8.3
Diluted earnings per share	**19.4**	8.3

	2013 Number	2012 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**550,396,128**	546,567,500
Effect of Performance Share Rights	**2,561,007**	1,367,594
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**552,957,135**	547,935,094

	2013 $'000	2012 $'000
Reconciliation of earnings used in calculating diluted earnings per share		
Net profit attributable to members of Aristocrat Leisure Limited	**107,200**	45,507
Earnings used in calculating diluted earnings per share	**107,200**	45,507

Information concerning the classification of securities

(a) Share based payments

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

Included within the weighted average number of potential ordinary shares related to Performance Share Rights are 177,495 (2012: 124,067) Performance Share Rights that had lapsed during the year.

(b) Share-based payments trust

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

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

	Consolidated 12 months to 30 Sept 2013 $'000	Consolidated 9 months to 30 Sept 2012 $'000
Profit for the year	**107,200**	46,551
Depreciation and amortisation	**42,839**	28,466
Equity-settled share-based payments	**9,369**	4,849
Non-cash interest income	**(58)**	(269)
Net loss on sale of property, plant and equipment	**44**	271
Net foreign currency exchange differences	**13,073**	(2,750)
Change in operating assets and liabilities:		
– (Increase)/decrease in receivables and deferred revenue	**(107,394)**	4,456
– Decrease in inventories	**7,959**	20,589
– (Increase)/decrease in other operating assets	**(1,157)**	3,195
– Decrease in tax balances	**12,641**	1,515
– Increase/(decrease) in payables	**16,165**	(17,523)
– Decrease in other provisions	**(2,465)**	(1,444)
Net cash inflow from operating activities	**98,216**	87,906

Note 34. Deed of cross guarantee

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

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

The subsidiaries subject to the deed are:

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

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

Note 34. Deed of cross guarantee continued

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

	12 months to 30 Sept 2013 $'000	9 months to 30 Sept 2012 $'000
Revenue	**276,390**	213,503
Other income	**36,821**	12,931
Cost of revenue and other expenses	**(50,481)**	(73,584)
Employee benefits expense	**(106,845)**	(92,812)
Finance costs	**(14,245)**	(14,683)
Depreciation and amortisation expense	**(8,604)**	(7,065)
Profit before income tax	**133,036**	38,290
Income tax expense	**(14,430)**	2,705
Profit for the year	**118,606**	40,995
Other comprehensive income		
Changes in fair value of interest rate hedge	**1,594**	570
Other comprehensive income, net of tax	**1,594**	570
Total comprehensive income for the year	**120,200**	41,565

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	**47,421**	50,174
Profit for the year	**118,606**	40,995
Dividends paid	**(49,640)**	(43,748)
Retained earnings at the end of the financial year	**116,387**	47,421

Set out below is a consolidated statement of financial position of the Closed Group:

	2013 $'000	2012 $'000
Current assets		
Cash and cash equivalents	**–**	1,456
Trade and other receivables	**108,174**	79,590
Inventories	**12,429**	12,928
Tax assets	**2,382**	1,135
Total current assets	**122,985**	95,109
Non-current assets		
Trade and other receivables	**23,088**	–
Investments	**292,377**	290,497
Property, plant and equipment	**18,259**	22,720
Deferred tax assets	**81,339**	88,553
Intangible assets	**19,263**	5,616
Total non-current assets	**434,326**	407,386
Total assets	**557,311**	502,495

Note 34. Deed of cross guarantee continued

	2013 $'000	2012 $'000
Current liabilities		
Trade and other payables	**58,962**	60,978
Borrowings	**124**	7,000
Provisions	**9,307**	9,317
Other liabilities	**10,288**	12,167
Total current liabilities	**78,681**	89,462
Non-current liabilities		
Trade and other payables	**5,659**	9,502
Borrowings	**113,279**	131,000
Provisions	**4,960**	4,763
Other liabilities	**6,044**	7,450
Total non-current liabilities	**129,942**	152,715
Total liabilities	**208,623**	242,177
Net assets	**348,688**	260,318
Equity		
Contributed equity	**233,137**	233,137
Reserves	**(836)**	(20,240)
Retained earnings	**116,387**	47,421
Total equity	**348,688**	260,318

Note 35. Parent entity financial information

(a) Summary financial information

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

	2013 $'000	2012 $'000
Statement of financial position		
Current assets	**23,079**	12,438
Total assets	**179,588**	170,301
Current liabilities	**2,089**	3,507
Total liabilities	**2,089**	3,507
Shareholders' equity		
Contributed equity	**233,137**	233,137
Reserves	**73,819**	64,450
Retained earnings	**(129,457)**	(130,793)
	177,499	166,794
Profit for the year after tax	**50,977**	45,040
Total comprehensive income after tax	**50,977**	45,040

(b) Guarantees entered into by the parent entity

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

(c) Contingent liabilities of the parent entity

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

Note 36. Business combinations

On 29 November 2012 the Group acquired 100% of the issued shares in Product Madness Inc. and Product Madness (UK) Limited, on-line social gaming operators. These acquisitions are expected to increase the Group's access to on-line gaming markets.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	2013 $'000s
Purchase consideration	
Cash paid	**10,675**
Contingent consideration	**10,129**
Total purchase consideration	**20,804**

The values for the assets and liabilities of Product Madness Inc. and Product Madness (UK) Limited as at the date of acquisition are as follows:

	Fair value $'000s
Cash and cash equivalents	**1,039**
Receivables	**611**
Intangible assets: Technology	**5,562**
Plant and equipment	**107**
Other assets	**23**
Payables	**(1,321)**
Deferred tax liability	**(2,062)**
Current tax liabilities	**(220)**
Other liabilities	**(73)**
Net identifiable assets acquired	**3,666**
Add: Goodwill	**17,138**
Net assets acquired	**20,804**

The goodwill is attributable to the assembled workforce and expected synergies with Product Madness Inc. and Product Madness (UK) Limited. None of the goodwill is deductible for tax purposes.

There were no acquisitions made in the prior period.

(i) Acquisition related costs

Acquisition related costs of $575,000 are included in general and administration costs in the statement of comprehensive income for the period.

(ii) Contingent consideration

The contingent consideration arrangement requires the Group to pay the former owners of Product Madness Inc. and Product Madness (UK) Limited based on the revenue and earnings before interest, taxes, depreciation and amortisation (EBITDA) in each of the years ending 31 December 2013 to 31 December 2015. The potential undiscounted amount of all future payments is between $0 and US$16,508,000. The fair value of the contingent consideration of $10,129,000 was estimated taking into account probability weighted outcomes based on forecast revenue and EBITDA of the acquired entities.

Note 36. Business combinations continued

(iii) Acquired receivables
The fair value of trade and other receivables on acquisition was $611,000 and included trade receivables with a fair value of $590,000. The gross contractual amount for trade receivables due was $590,000, which has been recovered from customers.

(iv) Revenue and profit contribution
The acquired business contributed revenues of $11,336,000 and a net loss of $19,000 to the Group for the period from 29 November 2012 to 30 September 2013.

Had the acquisition occurred on 1 October 2012, the revenue and profit of the Group would not be materially different to the amounts as included in the statement of comprehensive income.

(v) Purchase consideration – cash outflow

	2013 $'000
Outflow of cash to acquire subsidiary	**10,675**
Less: Cash acquired	**(1,039)**
Outflow of cash – investing activities	**9,636**

Directors' Declaration

for the year ended 30 September 2013

In the Directors' opinion:

(a) the financial statements and notes as tabled are in accordance with the Corporations Act, 2001 including:

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

   (ii) giving a true and fair view of Aristocrat Leisure Limited's (the Company's) and the Consolidated Entity's financial position as at 30 September 2013 and performance as represented by the results of its operations and its cash flows for the nine months ended on that date;

(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) there are reasonable grounds to believe that the members of the Extended Closed Group 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.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Financial 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.

ID Blackburne
Chairman

Sydney
26 November 2013

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

Report on the financial report

We have audited the accompanying financial report of Aristocrat Leisure Limited (the company), which comprises the consolidated statement of financial position as at 30 September 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Aristocrat (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility 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 is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
DX 77 Sydney, Australia
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Independent Auditor's Report

pwc

Auditor's opinion

In our opinion:

(a) the financial report of Aristocrat Leisure Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 September 2013 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*, and

(b) the financial report and notes also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 25 to 49 of the directors' report for the year ended 30 September 2013. 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.

Auditor's opinion

In our opinion, the remuneration report of Aristocrat Leisure Limited for the year ended 30 September 2013 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

S. Hump

Stephen Humphries
Partner

26 November 2013
Sydney

Shareholder Information

Distribution of equity securities as at 25 November 2013

Size of holding	Holders of Performance Share Rights[1]	Shareholders	Number of shares[2]	% of issued capital
1–1,000	435	5,694	2,393,113	0.434
1,001–5,000	5	4,089	9,790,742	1.776
5,001–10,000	10	809	5,758,553	1.044
10,001–100,000	57	505	11,415,845	2.070
100,001–over	15	77	522,059,794	94.676
Total	**522**	**11,174**	**551,418,047**	**100.000**
Less than a marketable parcel of $500.00	0	1,203	36,536	0.007

1 All share rights are allocated under the Company's incentive programs to take up ordinary shares in the capital of the Company. These share rights are subject to the rules of the relevant program and are unquoted and non-transferable.

2 Fully paid ordinary shares (excludes unvested performance share rights that have not been converted into shares).

Substantial shareholders 25 November 2013

As at 25 November 2013, the following shareholders were registered by the Company as a substantial shareholder, having notified the Company of a relevant interest in accordance with Section 671B of the *Corporations Act 2001* (Cth), in the voting shares below:

Name of shareholder	Number of ordinary shares held	% of issued capital	Date of notice
Ellerston Capital Limited	44,998,052	8.16%	14/10/2013
AMP Limited	28,318,491	5.14%	10/10/2013
Commonwealth Bank of Australia	56,683,939	10.28%	19/03/2013

Shareholder Information

Twenty largest ordinary shareholders as at 27 November 2012

Name of shareholder	Number of ordinary shares held	% of issued capital
National Nominees Limited	100,355,384	18.200%
JP Morgan Nominees Australia Limited	96,051,389	17.419%
Citicorp Nominees Pty Limited	75,192,523	13.636%
HSBC Custody Nominees (Australia) Limited	67,832,657	12.301%
BNP Paribas Nominees Pty Limited	35,617,160	6.459%
Writeman Pty Limited	31,994,622	5.802%
Thunderbirds Are Go Pty Limited	25,277,754	4.584%
Serioso Pty Limited	20,509,564	3.719%
Maaku Pty Limited	14,804,872	2.685%
AMP Life Limited	13,577,608	2.462%
Arminella Pty Limited	10,655,500	1.932%
ECA 1 Pty Limited	8,657,359	1.570%
RBC Investor Services Australia Nominees Pty Limited	4,604,329	0.835%
CS Fourth Nominees Pty Limited	2,457,768	0.446%
UBS Wealth Management Australia Nominees Pty Limited	2,430,568	0.441%
Argo Investments Limited	2,241,000	0.406%
Share Direct Nominees Pty Limited	1,697,356	0.308%
Suncorp Custodian Services Pty Limited	1,696,329	0.308%
Bond Street Custodians Limited	1,175,174	0.213%
Australian Executor Trustees Limited	727,443	0.132%

Voting Rights

At meetings of shareholders, each shareholder may vote in person or by proxy, attorney or (if the shareholder is a body corporate) corporate representative. On a show of hands, every person present who is a shareholder or a representative of a shareholder has one vote and on a poll every shareholder present in person or by proxy or attorney has one vote for each fully paid ordinary share. Performance share right holders have no voting rights.

Regulatory Considerations affecting Shareholders

Aristocrat Leisure Limited and its subsidiaries could be subject to disciplinary action by gaming authorities in some jurisdictions if, after receiving notice that a person is unsuitable to be a shareholder, that person continues to be a shareholder. Because of the importance of licensing to the Company and its subsidiaries, the Constitution contains provisions that may require shareholders to provide information and also gives the Company powers to divest or require divestiture of shares, suspend voting rights and withhold payments of certain amounts to shareholders or other persons who may be unsuitable.

Shareholder enquiries

You can access information about Aristocrat Leisure Limited and your holdings via the internet. Aristocrat's website, www.aristocratgaming.com, has the latest information on Company announcements, presentations and reports. Shareholders may also communicate with the Company via its website. In addition, there is a link to the Australian Securities Exchange (ASX) to provide current share prices. The share registry manages all your shareholding details. Visit www.boardroomlimited.com.au and access a wide variety of holding information, make changes to your holding record and download forms. You can access this information via a security login using your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as well as your InvestorServe PIN.

Dividends

Electronic Funds Transfer

In 2007, the Company introduced a mandatory direct payment of dividends program for shareholders resident in Australia who were requested to complete and submit a *Direct Credit of Dividends Form* (available from the Company's website) and return it to the Company's share registrar. Shareholders who have not completed and returned this form will receive a notice from the Company's share registrar advising that:

(i) the relevant dividend amount is being held as direct credit instructions have not been received;

(ii) the relevant dividend will be credited to the nominated bank account as soon as possible on receipt of direct credit instructions; and

(iii) no interest is payable on the dividend being withheld.

Such notices are sent to shareholders who have not completed and submitted a *Direct Credit of Dividends Form* on the payment date of the relevant dividend.

Dividend Cheques

Dividend cheques (shareholders resident outside Australia) should be banked as soon as conveniently possible.

Dividend Reinvestment Plan

The Directors consider whether the Company's Dividend Reinvestment Plan (DRP) should operate each time a dividend is declared.

The DRP Rules and the '*Dividend Reinvestment Plan Application or Variation Form*' are available from the Company's share registrar, Boardroom Limited on +61 2 9290 9682 or email enquiries@boardroomlimited.com.au

Shareholders should note that: (i) Shareholders who elect to participate in the DRP and who do not revoke their elections will automatically participate on the next occasion the DRP is activated; (ii) the fact that the DRP operated in respect of any dividend does not necessarily mean that the DRP will operate in respect of any further dividends (a separate decision is made for each dividend); and (iii) when the DRP does operate, the DRP rules provide that the number of shares that DRP participants will receive will not be determinable on the Record Date determined by the Board.

This page has been left blank intentionally.

This page has been left blank intentionally.

Corporate Directory

Directors

ID Blackburne
Non-Executive Chairman

JR Odell
Chief Executive Officer And Managing Director

DCP Banks
Non-Executive Director

RA Davis
Non-Executive Director

RV Dubs
Non-Executive Director

LG Flock
Non-Executive Director

SW Morro
Non-Executive Director

Company Secretary

A Korsanos

Global Headquarters

Aristocrat Leisure Limited
Building A, Pinnacle Office Park
85 Epping Road
North Ryde NSW 2113
Australia
Telephone: + 61 2 9013 6000
Facsimile: + 61 2 9013 6200

Internet Site

www.aristocratgaming.com

Australia

Building A, Pinnacle Office Park
85 Epping Road
North Ryde NSW 2113
Australia
Telephone: + 61 2 9013 6000
Facsimile: + 61 2 9013 6200

MIX Paper from responsible sources FSC® C018183 FSC www.fsc.org

The Americas

North America
Aristocrat Technologies Inc.
7230 Amigo Street
Las Vegas
Nevada 89119
USA
Telephone: + 1 702 270 1000
Facsimile: + 1 702 270 1001

South America
Aristocrat (Argentina) Pty Limited
San Vladimiro 3056
1 Piso Of. 7
San Isidro
Buenos Aires CP 1642
Argentina, South America
Telephone: + 5411 4708 5400
Facsimile: + 5411 4708 5454

Asia

Macau
Aristocrat (Macau) Pty Limited
17th Floor, Hotline Centre
335-341 Alameda Drive
Carlos d' Assumpcao
Macau
Telephone: + 853 2872 2777
Fax: + 853 2872 2783

Singapore
Aristocrat Technologies
61 Kaki Bukit Avenue 1
Shun Li Industrial Park #04-29
Singapore 417943
Telephone: + 656 444 5666
Facsimile: + 656 842 4533

Europe

Great Britain
Aristocrat Technologies Europe Limited
25 Riverside Way
Uxbridge
Middlesex UB8 2YF U.K.
Telephone: + 44 1895 618 500
Facsimile: + 44 1895 618 501

Sweden
Aristocrat Lotteries AB
Arstaangsvagen 11
3rd Floor
11743 Stockholm
Box 47221
SE-10074 Stockholm
Sweden
Telephone: + 46 8 522 158 00
Facsimile: + 46 8 642 47 14

JAPAN

KK Aristocrat Technologies
7th Floor, Ryukakusan Building
2-5-12 Higashi-kanda Chiyoda-ku
Tokyo Japan 101-0031
Telephone: + 813 5835 0521
Facsimile: + 813 5835 0523

New Zealand

Aristocrat Technologies NZ Limited
22 Vestey Drive, Mt Wellington
Auckland, New Zealand
Telephone: + 649 259 2000
Facsimile: + 649 259 2001

South Africa

Aristocrat Technologies Africa (Pty) Limited
70 Saturn Crescent, Cnr. Milk Way
Linbro Business Park
Frankenwald Extension 31
South Africa 2090
Telephone: + 27 11 997 4200
Facsimile: + 27 11 608 0030

Investor Contacts

Share Registry
Boardroom Limited
Level 7, 207 Kent Street
Sydney NSW 2000 Australia
Telephone: + 61 2 9290 9682
Fax: + 61 2 9279 0664
Email:
enquiries@boardroomlimited.com.au
Website:
www.boardroomlimited.com.au

Auditor

PricewaterhouseCoopers
201 Sussex Street
Sydney NSW 1171 Australia

Stock Exchange Listing

Aristocrat Leisure Limited
Ordinary shares are listed on the Australian Securities Exchange
CODE: ALL

Investor Email Address

Investors may send email queries to:
investor.relations@ali.com.au

aristocratgaming.com

Aristocrat Leisure Limited
Building A, Pinnacle Office Park

85 Epping Road
North Ryde NSW 2113

P.O. Box 361
North Ryde BC NSW 1670
AUSTRALIA

Tel +61 2 9013 6000
Fax +61 2 9013 6200

ABN 44 002 818 368