ARISTOCRAT LEISURE LIMITED

ABN 44 002 818 368

2018 HALF YEAR PROFIT ANNOUNCEMENT

RESULTS TO BE RELEASED TO THE MARKET

ANNUAL INFORMATION GIVEN TO THE ASX
UNDER LISTING RULE 4.2A

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

2018 HALF YEAR
PROFIT ANNOUNCEMENT
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Directors' Report

Auditor's Independence Declaration

ARISTOCRAT LEISURE LIMITED

A.B.N. 44 002 818 368

APPENDIX 4D

Half-Year Report

Half-year ended: 31 March 2018

Previous corresponding period: 31 March 2017

Results for announcement to the market

Statutory results				31 March 2018 $'m
Revenue from ordinary activities	up	28.5%	to	1,578.6
Profit from ordinary activities after tax	up	2.8%	to	256.5

Dividends

	Amount per security	Franked amount per security	Record date for determining entitlements to dividends
Current year – 2018			
- Interim dividend	19.0c	19.0c	30 May 2018
Previous year – 2017			
- Interim dividend	14.0c	3.5c	31 May 2017
- Final dividend	20.0c	20.0c	6 December 2017

Dividend Reinvestment Plan (DRP)

The Aristocrat Leisure Limited Dividend Reinvestment Plan (DRP) will not operate in respect of the 2018 interim dividend.

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

Review of Operations

Group Performance

Earnings Summary

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

A$ million	Constant currency[2] Six months to 31 March 2018	Six months to 31 March 2018	Six months to 31 March 2017	Variance vs. 2017 Constant currency[2] %	Variance vs. 2017 Reported %
Normalised results[1]					
Operating revenue	1,679.5	**1,640.9**	1,228.2	36.7	33.6
EBITDA	661.2	**642.9**	498.9	32.5	28.9
EBITA	567.8	**551.9**	433.2	31.1	27.4
NPAT	319.4	**310.5**	249.6	28.0	24.4
NPATA	371.8	**361.5**	272.9	36.2	32.5
Earnings per share (fully diluted)	50.0c	**48.6c**	39.0c	28.2	24.6
EPS before amortisation of acquired intangibles (fully diluted)	58.2c	**56.6c**	42.7c	36.3	32.6
Interim dividend per share	19.0c	**19.0c**	14.0c	35.7	35.7
Reported results					
Revenue	1,616.6	**1,578.6**	1,228.2	31.6	28.5
Profit after tax	263.8	**256.5**	249.6	5.7	2.8
NPATA	316.7	**307.5**	272.9	16.0	12.7
Balance sheet and cash flow					
Net working capital/revenue	6.9%	**6.0%**	6.3%	(0.6)pts	0.3pts
Operating cash flow	254.9	**247.9**	401.9	(36.6)	(38.3)
Normalised operating cash flow[1]	310.6	**302.0**	401.9	(22.7)	(24.9)
Closing net debt/(cash)	2,570.3	**2,557.9**	833.1	(208.5)	(207.0)
Gearing (net debt/consolidated EBITDA[3])	n/a	**2.0x**	0.9x	n/a	(1.1x)

(1) Normalised results and operating cash flow are statutory profit (before and after tax) and operating cash flow, excluding the impact of certain significant items and adjustments. Significant items and adjustments are items which are either individually or in aggregate, material to Aristocrat and are either outside the ordinary course of business or part of the ordinary activities of the business but unusual due to their size and nature as detailed on page 7.

The operating revenue and results reflect the ongoing revenue recognition principles for the acquired businesses since the date of acquisition, and correspond to the revenue and results that would have been recognised under Accounting Standards had the businesses not been acquired to explain the underlying performance of the entity and the drivers of its profit.

(2) Results for 6 months to 31 March 2018 adjusted for translational exchange rates using rates applying in 2017 as referenced in the table on page 11.

(3) Consolidated EBITDA as defined by the Credit Agreement.

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

Operational Highlights

The operational highlights for the period are:

Increased share and yield in the land-based **North Americas gaming operations** business:

- Premium Class III grew 19% to 18,304 units with continued penetration of leading hardware configurations and high-performing game titles.
- Class II grew 4.6% to 22,996 units driven by the success of the Class II video product *Ovation*™.
- Average fee per day increased 3.5% to US$51.40 demonstrating the product performance in the period.

Holding share in land-based **outright sales** segment:

- North America - stable ship share in an increasingly competitive market.
- ANZ - sustained its market-leading ship share performance during the period.
- International Class III – transitioning from openings focus to floor optimisation strategies with customers and distribution of successful games.

Transformation of the **Digital** business:

- Significant increase in revenue and profit driven by growth in Product Madness, together with the acquisitions of Plarium and Big Fish in the period.
- Total Daily Active Users (DAU) increased almost six-fold to 8.3 million.
- Product Madness now reaching 2 million DAU with the growth in *Cashman Casino*™ proving out the multi-app strategy.
- Successful completion and on track integration of two major acquisitions, Plarium Global Limited ('Plarium') on 19 October 2017 and Big Fish Games Inc. ('Big Fish') on 10 January 2018.

Investment in **talent and technology** – as we build out our land-based adjacencies, execute on our Product Madness multi-app strategy and integrate our new businesses, our D&D team now represents almost half of our employee base and we have continued to lift our investment in both absolute terms and as a percentage of revenue in order to drive growth.

Financially:

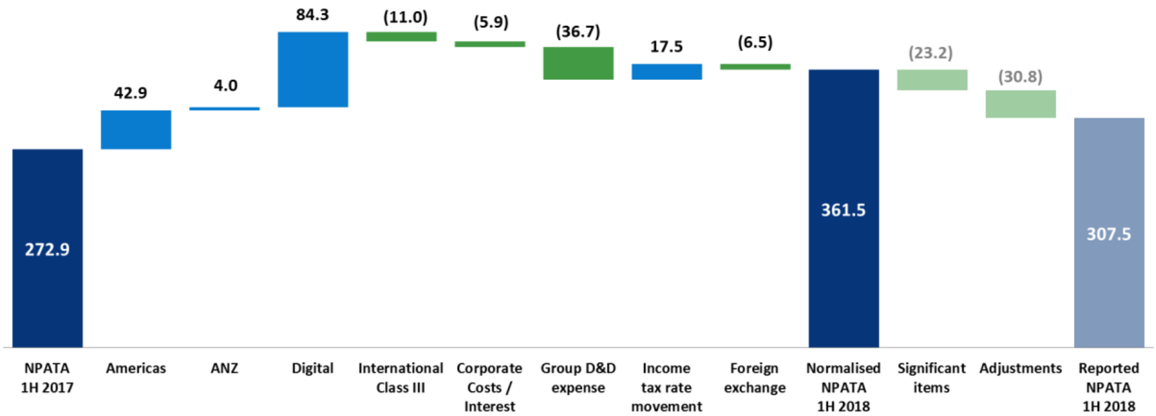
- EBITDA margin remains strong at 39% with expansion in land-based margins largely offsetting expected lower margin acquisitions.
- Gearing (Net Debt/EBITDA) increased to 2.0x leverage, following US$1.5 billion in acquisitions, with long-tenured flexible cost-effective debt.
- Cash generating fundamentals remain strong.
- Capital expenditure increased 13% to $120 million supporting further growth in Americas gaming operations install base.

Performance Summary

Normalised profit after tax and before amortisation of acquired intangibles ('NPATA') of $361.5 million for the period represented a 32% increase (36% in constant currency) compared to $273 million in the prior corresponding period. Revenue increased by more than 33% (36% in constant currency) driven by growth in Americas, in broadly flat markets, and Digital with the Product Madness launch of *Cashman Casino*™ in addition to the acquisitions of Plarium Global Limited ('Plarium') on 19 October 2017 and Big Fish Games Inc. ('Big Fish') on 10 January 2018. Normalised fully diluted earnings per share before amortisation of acquired intangibles of 56.6c represents a 33% increase on the prior corresponding period.

Net gearing on a pro forma basis increased to 2.0x from 0.9x in the prior corresponding period due to the acquisitions of Plarium and Big Fish, funded via cash and incremental Term Loan B debt facility.

Normalised NPATA movement 1H 2017 to 1H 2018 (A$ million)



- Strong growth in the **Americas** business drove a $42.9 million improvement in post-tax profit compared to the prior corresponding period. This growth was driven by a 19% expansion in the Class III premium gaming operations footprint, together with further growth in the Class II gaming operations footprint and average fee per day ('FPD'). The growth was supported by our outright sales business holding share in an increasingly competitive market.
- The **ANZ** business delivered $4.0 million in incremental post-tax profit, driven by the top performing *Helix*™ cabinet and penetration of the *Dragon Cash*™ and *Dragon Link*™ product families.
- **Digital** delivered strong post-tax earnings growth of $84.3 million due to the scaling of *Cashman Casino*™ which launched in the prior corresponding period and the continued success of *Heart of Vegas*™. Digital performance was also enhanced by the acquisitions of Plarium and Big Fish which completed in the period.
- **International Class III** post-tax profit declined $11.0 million as the business cycles over the concentration of openings in this segment in the prior corresponding period.
- **Corporate costs and interest** increased by $5.9 million taking into account the incremental funding of acquisitions, partially offset by lower one-off consulting costs and legal costs in the prior corresponding period.
- The Group's **strategic investments** in talent and technology, represented in higher D&D spend at 11% of revenue, is delivering competitive product across an expanded range of markets and segments in line with the growth strategy.
- The decrease in the **effective tax rate ('ETR')** from 32% to 29% resulted in a $17.5 million impact reflecting recent US tax reform.
- **Foreign exchange** impacted the business performance by $6.5 million.
- Significant items and adjustments relate to the acquisitions of Plarium and Big Fish and are explained on page 7.

Group Profit and Loss

Results in the current period and prior corresponding period are in reported currency and normalised for significant items and adjustments as outlined on page 7. Segment profit is stated before amortisation of acquired intangibles.

A$ million	Six months to 31 March 2018	Six months to 31 March 2017	Variance %
Segment revenue			
Australia and New Zealand	**214.9**	210.8	1.9
Americas	**764.9**	715.8	6.9
International Class III	**108.2**	129.2	(16.3)
Digital	**552.9**	172.4	220.7
Total segment revenue	**1,640.9**	1,228.2	33.6
Segment profit			
Australia and New Zealand	**97.6**	91.9	6.2
Americas	**411.6**	362.4	13.6
International Class III	**55.2**	71.3	(22.6)
Digital	**193.7**	75.2	157.6
Total segment profit	**758.1**	600.8	26.2
Unallocated expenses			
Group D&D expense	**(180.6)**	(130.2)	(38.7)
Foreign exchange	**1.3**	(4.3)	130.2
Corporate	**(26.9)**	(33.1)	18.7
Total unallocated expenses	**(206.2)**	(167.6)	(23.0)
EBIT before amortisation of acquired intangibles (EBITA)	**551.9**	433.2	27.4
Amortisation of acquired intangibles	**(71.2)**	(37.4)	(90.4)
EBIT	**480.7**	395.8	21.5
Interest	**(43.1)**	(29.2)	(47.6)
Profit before tax	**437.6**	366.6	19.4
Income tax	**(127.1)**	(117.0)	(8.6)
Profit after tax (NPAT)	**310.5**	249.6	24.4
Amortisation of acquired intangibles after tax	**51.0**	23.3	118.9
Profit after tax and before amortisation of acquired intangibles (NPATA)	**361.5**	272.9	32.5

Revenue

Segment revenue increased $412.7 million or 33.6% in reported currency (36.7% in constant currency) with growth in gaming operations and Digital supported by the launch of *Cashman Casino*™ in Product Madness and the acquisitions of Plarium and Big Fish.

In gaming operations, the Premium Class III install base grew 19%, the Class II footprint grew almost 5% and overall average fee per day grew 3.5%. Performance was fuelled by continued penetration of the high-performing products *Lightning Link*™, *5 Dragons Grand*™, and *Buffalo Grand*™ including the successful launches of *Dragon Link*™ and *RELM XL*™ and the penetration of *Ovation*™.

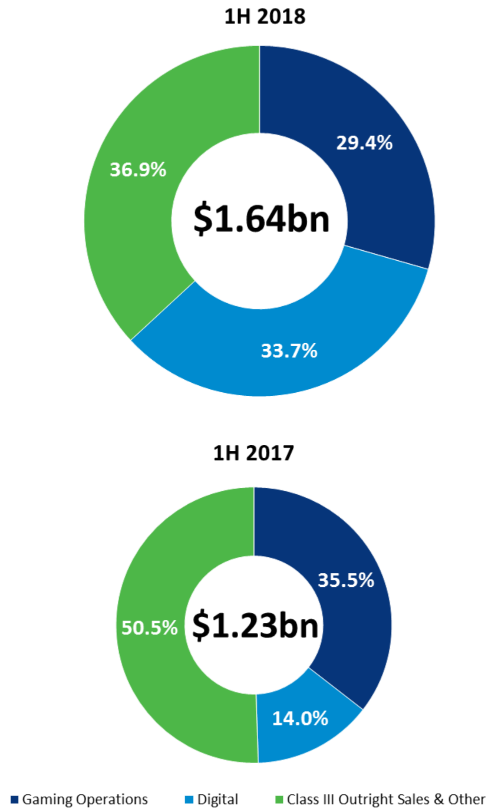
Digital revenue grew 230% to US$428 million. *Cashman Casino*™ continued to scale and *FaFaFa Gold*™ launched both driving incremental growth in the period. In addition, the Plarium and Big Fish acquisitions delivered US$244m in additional revenue.

In North America Class III outright sales, revenue decreased by 3.9% compared to the prior corresponding period as the business cycles over a larger period of new openings and expansions. The industry-leading average sales price ('ASP') achieved reflects the portfolio depth, performance of *Helix*™ and *ARC*™ cabinets and the introduction of Linked Progressives. Ship share was broadly consistent with the prior corresponding period, in an increasingly competitive environment.

Australia & New Zealand Class III revenue increased by 2.2% to $215 million in constant currency terms compared to the prior corresponding period, reflecting sustained market-leading ship share.

In International Class III, revenue decreased 17.7% to $106 million in constant currency terms as the business cycles over the concentration of openings in this segment in the prior corresponding period.

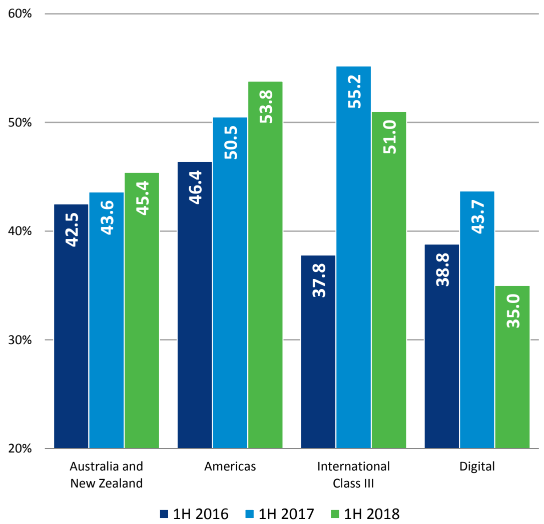
Revenue by Strategic Segment



Earnings

Segment profit increased $157 million in reported currency, up 26% compared with the prior corresponding period (29% in constant currency). Margin expansion was achieved in both the Americas and ANZ due to product mix. Following the acquisitions of Plarium and Big Fish which introduce Social Games to our Digital segment, and increase our Social Casino offering, the Digital margin moderated from 43.7% to 35.0%, in line with expectations.

Segment Profit Margin % of Revenue



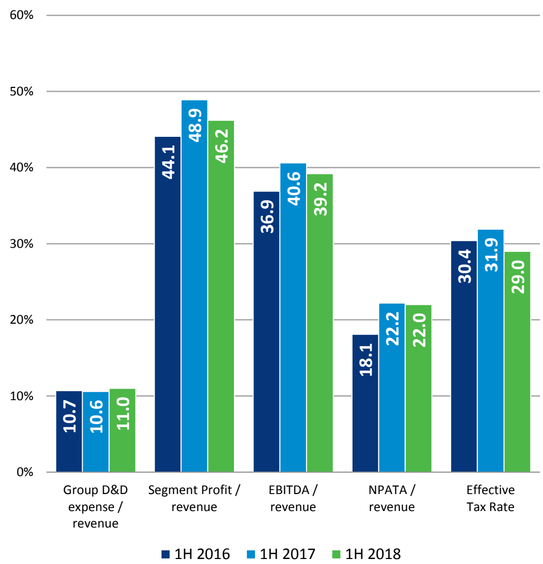
The Group continues to invest significantly in a better and broader product range through new talent and new technology, with ongoing efficiencies reinvested in core product development and capability targeting strategic growth opportunities. The Group's investment in D&D spend, as a percentage of revenue, was 11.0% compared to 10.6% of revenues in the prior corresponding period. Total reported spend increased $50.4 million or 38% (41% in constant currency) including the D&D spend associated with the Plarium and Big Fish acquisitions.

Corporate costs decreased by $6.2 million compared to the prior corresponding period mainly driven by lower legal and one-off consulting costs in the period. Corporate costs as a percentage of revenue decreased compared with the prior corresponding period.

Net interest expense increased $13.9 million to $43.1 million, reflecting the increased debt levels to support the acquisitions of Plarium and Big Fish.

The effective tax rate ('ETR') for the reporting period was 29% compared to 32% in the prior corresponding period largely attributable to the changes driven by US tax reform that were effective from 1 January 2018, including a one-off gain from revaluation of the deferred tax liability.

Other Key Margins % of Revenue and ETR



Reconciliation of statutory revenue to operating revenue

A$ million	Six months to 31 March 2018	Six months to 31 March 2017
Statutory revenue as reported in the financial statements	1,578.6	1,228.2
Add back fair value adjustments relating to the acquisitions	62.3	-
Operating revenue	**1,640.9**	**1,228.2**

Reconciliation of statutory profit to NPATA

A$ million	Six months to 31 March 2018	Six months to 31 March 2017
Statutory profit as reported in the financial statements	256.5	249.6
Amortisation of acquired intangibles (tax effected)	51.0	23.3
Reported profit after tax before amortisation of acquired intangibles (Reported NPATA)	307.5	272.9
Add back net loss from significant items and adjustments after tax	54.0	-
Normalised Profit After Tax before amortisation of acquired intangibles (Normalised NPATA)	**361.5**	**272.9**

Significant Items & Adjustments

	Six months to 31 March 2018	
A$ million	Before tax	After tax
Contingent retention arrangements relating to Plarium	(6.7)	(4.8)
Acquisition related transaction, integration and restructuring costs of Plarium and Big Fish	(25.9)	(18.4)
Net loss from significant items	**(32.6)**	**(23.2)**
Fair value adjustments relating to the acquisitions	(43.5)	(30.8)
Net loss from adjustments	**(43.5)**	**(30.8)**
Net loss from significant items & adjustments	**(76.1)**	**(54.0)**

Significant Items & Adjustments:

Contingent retention arrangements relating to the acquisition of Plarium: The Group's reported result after tax for the period includes an expense of $4.8 million relating to the contingent retention arrangements for the acquisition of Plarium.

Acquisition related transaction, integration and restructuring costs: The Group's reported result after tax for the period includes an expense of $18.4 million relating to the acquisitions of Plarium and Big Fish. Costs incurred primarily represent transaction fees payable on completion to advisors, in addition to legal and consulting costs and restructuring costs arising from organisation changes made in relation to the Plarium and Big Fish acquisitions.

Adjustments:

Fair value adjustments: The Group's operating revenue and normalised results after tax for the period include an adjustment relating to the fair value of deferred revenue of Plarium and Big Fish on acquisition. In accordance with Accounting Standards, these pre-acquisition balances were not carried forward in the statutory earnings. They have been included in the presentation of normalised earnings to explain the underlying performance of the group and the drivers of its profit.

Balance Sheet

The balance sheet can be summarised as follows:

A$ million	31 Mar 2018	30 Sep 2017	31 Mar 2017	Variance %
Cash and cash equivalents	**357.6**	547.1	394.5	(9.4)
Property, plant and equipment	**321.5**	241.3	239.2	34.4
Intangible assets	**3,749.4**	1,687.7	1,738.7	115.6
Other assets	**1,114.5**	816.8	760.1	46.6
Total assets	**5,543.0**	3,292.9	3,132.5	77.0
Current borrowings	**12.9**	0.1	0.1	12,800.0
Non current borrowings	**2,902.6**	1,199.3	1,227.5	136.5
Payables, provisions and other liabilities	**1,114.1**	747.9	661.1	68.5
Total equity	**1,513.4**	1,345.6	1,243.8	21.7
Total liabilities and equity	**5,543.0**	3,292.9	3,132.5	77.0
Net working capital	**171.3**	174.2	148.7	15.2
Net working capital % revenue	**6.0**	7.1	6.3	0.3pts
Net debt / (cash)	**2,557.9**	652.3	833.1	(207.0)

The balance sheet movements reflect the acquisitions of Plarium and Big Fish on 19 October 2017 and 10 January 2018, respectively.

Significant balance sheet movements from 31 March 2017 are:

Net working capital: The increase of 15.2% reflects the inclusion of net assets from the acquisitions of Plarium and Big Fish combined with an increase in receivables impacted by timing of the product release schedule in the period.

Intangible assets: The increase reflects the intangible assets of acquired businesses during the period – predominantly goodwill.

Non-current borrowings: The increase relates to the acquisitions of Plarium and Big Fish, largely funded by the Term Loan B debt facility.

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

Statement of cash flows

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

Operating cash flow

A$ million	Six months to 31 Mar 2018	Six months to 31 Mar 2017	Variance %
EBITDA	**642.9**	498.9	28.9
Change in net working capital	**(104.0)**	(26.4)	(293.9)
Subtotal	**538.9**	472.5	14.1
Interest and tax	**(180.5)**	(84.6)	(113.4)
Acquisition related items (cash and non cash)	**(97.6)**	-	n/a
Other cash and non-cash movements	**(12.9)**	14.0	n/a
Operating cash flow	**247.9**	401.9	(38.3)
One off and significant items (cash)	**54.1**	-	n/a
Operating cash flow (normalised)	**302.0**	401.9	(24.9)
Operating cash flow (normalised) less capex	**181.8**	295.6	(38.5)

Consolidated cash flow

A$ million	Six months to 31 Mar 2018	Six months to 31 Mar 2017	Variance %
Operating cash flow	**247.9**	401.9	(38.3)
Capex	**(120.2)**	(106.3)	(13.1)
Acquisitions and divestments	**(1,848.1)**	(23.0)	(7,935.2)
Investing cash flow	**(1,968.3)**	(129.3)	(1,422.3)
Proceeds from borrowings	**1,660.0**	-	n/a
Repayment of borrowings	**(4.4)**	(65.4)	93.3
Dividends and share payments	**(130.4)**	(95.6)	(36.4)
Financing cash flow	**1,525.2**	(161.0)	n/a
Net (decrease)/increase in cash	**(195.2)**	111.6	n/a

Normalised operating cash flow decreased 25% compared to the prior corresponding period.

The change in net working capital increased in the period with Americas receivables increasing by $77 million, primarily due to timing of the product release schedule later in the period, compared to the prior corresponding period which included a concentration of openings and expansions in the first half of the reporting period.

Interest and tax increased significantly due to funding the acquisitions and a significant one-off tax payment of $93 million in Australia following a period of utilisation of historic tax losses.

Acquisition related items of $97 million include the transaction costs, retention payments and other related costs.

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

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

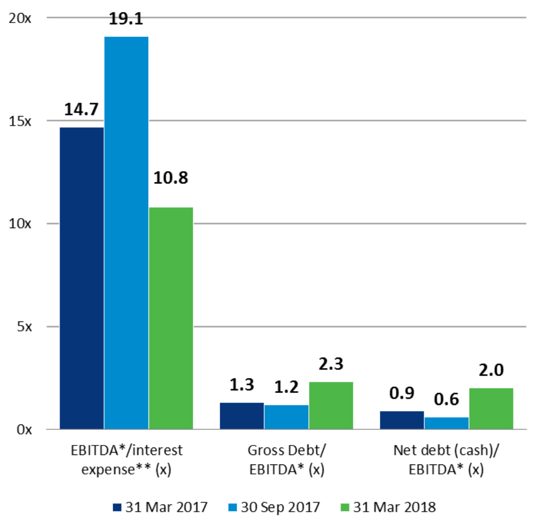
Funding and Liquidity

The Group had committed loan facilities of A$3.0 billion as at 31 March 2018, comprising total Term Loan B facilities of US$2.3 billion and a A$100 million revolving facility. The Term Loan B facilities are split across an existing US$950 million tranche, maturing in October 2021, and new incremental tranches of US$425 million and US$890 million (total US$1,315 million) which were added during the period and mature in October 2024. The incremental tranches were used to fund the acquisitions of Plarium and Big Fish. The A$100 million revolving facility matures in October 2019.

The Group's facilities are summarised as follows:

Facility	Drawn as at 31 Mar 2018	Limit	Maturity date
Term Loan B facility	US$950.0m	US$950.0m	Oct 2021
Term Loan B facility	US$1,311.7m	US$1,311.7m	Oct 2024
Total	**US$2,261.7m**	**US$2,261.7m**	
Revolving facility	A$0.0m	A$100.0m	Oct 2019
Overdraft facilities	A$0.0m	A$7.6m	Annual Review

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



* EBITDA and interest expense are on a pro forma basis for the period to 31 March 2018 assuming a full year of ownership of Plarium and Big Fish based on the preceding 12 month results. EBITDA refers to Consolidated EBITDA for the Group as defined in Aristocrat's Syndicated Facility Agreement (also referred to as Bank EBITDA)

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

On 30 November 2017, Aristocrat announced the acquisition of Big Fish Games, Inc, together with a calculation of the Group's leverage ratio (net debt / EBITDA) on a pro forma basis of 2.2x. This included the impact of funding for the acquisition of Plarium Global Limited which was also completed during the period.

The Group's pro forma leverage reduced over the reporting period, falling from 2.2x at 30 September 2017 to 2.0x at 31 March 2018 reflecting earnings growth across the Group.

Credit Ratings

The Group maintains credit ratings from both Moody's Investor Services and Standard & Poor's to support our Term Loan B facility arrangements.

As at 31 March 2018, Aristocrat holds stable credit ratings of BB+ from Standard & Poor's and Ba1 from Moody's.

Dividends

The Directors have authorised an interim fully franked dividend of 19.0 cps (A$121.3m), in respect to the 6 month period ended 31 March 2018. This represents an increase of 35.7% (or 5.0 cents), reflective of growth in performance, strength of cash flows and continued improvement in gearing.

The record and payment dates for the interim dividend are 30 May 2018 and 3 July 2018, respectively.

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 6 months to 31 March 2018, the Australian dollar was, on average, stronger against the US dollar when compared to the prior corresponding period. The impact of translating foreign currency (translational impact) decreased revenue by $38.6 million while decreasing normalised profit after tax and before amortisation of acquired intangibles by $10.3 million on a weighted average basis when compared with rates prevailing in the respective months in the prior corresponding period. In addition, as at 31 March 2018, the cumulative effect of the retranslation of the net assets of foreign controlled entities (recognised through the foreign currency translation reserve) was a debit balance of $14.8 million (compared to a debit balance of $13.2 million as at 31 March 2017).

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 $9 million translational impact on the Group's annual profit after tax and before amortisation of acquired intangibles. This impact will vary as the magnitude and mix of overseas profits change.

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

A$:	31 Mar 2018	30 Sep 2017	31 Mar 2017	Six months to 31 March 2018 Average[1]	Six months to 31 March 2017 Average[1]
USD	0.7683	0.7842	0.7647	0.7757	0.7518
NZD	1.0605	1.0860	1.0902	1.0934	1.0557
EUR	0.6236	0.6639	0.7160	0.6421	0.7027
GBP	0.5475	0.5850	0.6102	0.5656	0.6049
ZAR	9.0840	10.6324	10.2421	9.9671	10.1799
ARS	15.4690	13.5804	11.7668	14.6764	11.7271

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

Review of Operations

Regional segment review

Normalised segment profit represents earnings before interest and tax, and before significant items and adjustments, charges for D&D expenditure, amortisation of acquired intangibles and corporate costs. The total amount of these items are disclosed in the Group's statement of profit or loss. Constant currency amounts refer to 2018 results restated using exchange rates applying in 2017.

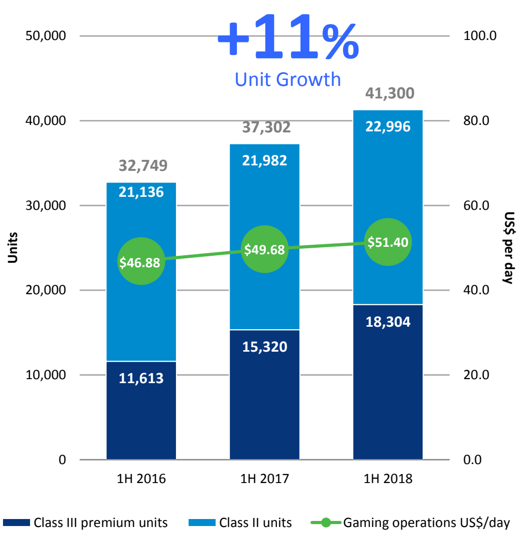
Americas

Summary Profit or Loss

US$ million	Six months to 31 March 2018	Six months to 31 March 2017	Variance %
Revenue	**592.8**	536.7	10.5
Profit	**319.1**	271.3	17.6
Margin	**53.8%**	50.5%	3.3 pts

In local currency, Americas profits increased by 18%, or US$48 million to US$319 million representing 3.3 ppts of margin expansion. This was driven by strong performance in both the premium and Class II gaming operations segments.

North America Gaming Operations Units



Aristocrat's Class III premium gaming operations installed base grew 19% fuelled by continued penetration of leading hardware configurations including *ARC*™ *Double* and *Helix*™ cabinets together with the high-performing titles *Buffalo Grand*™, *5 Dragons Grand*™, and *Lightning Link*™ including the successful launches of *Dragon Link*™ and *RELM XL*™.

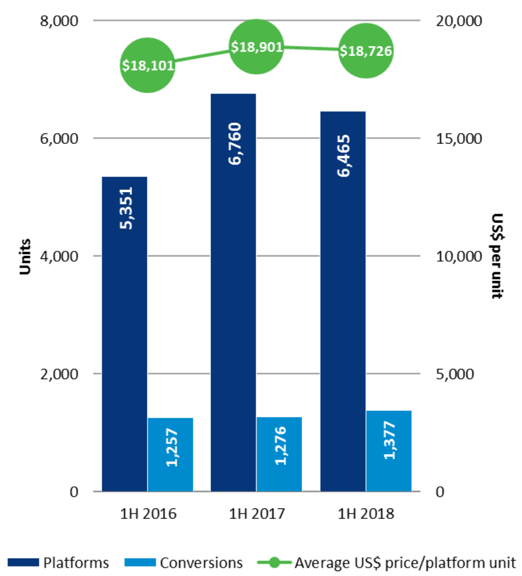
In Class II Gaming Operations placements increased by 4.6% due to the ongoing success of *Ovation*™ with penetration outside of the core Oklahoma market.

Average fee per day across Class II and Class III markets increased 3.5%, driven by game performance across the portfolio.

The Class III premium gaming operations installed base will continue to be supported by a strong product portfolio across a diverse range of product segments. There is further opportunity for growth with *Dragon Link*™ on the *ARC*™ *Single* cabinet and *RELM XL*™ content across all denominations, including *Buffalo Inferno*™ and *Liberty Link*™. Aristocrat will launch the *Flame55*™ portrait cabinet with *Mariah Carey*™ and the second Aristocrat title made in partnership with HBO's #1 TV show, *Game of Thrones*™. Finally, Aristocrat launched two key titles on the market-leading *ARC*™ *Double* cabinet in *Tarzan*™ and *Timberwolf Grand*™.

The Class II gaming operations installed base will continue to be supported by the launch of licensed product *Professional Bull Riders*™ and a portfolio of new games developed for *Ovation*™.

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



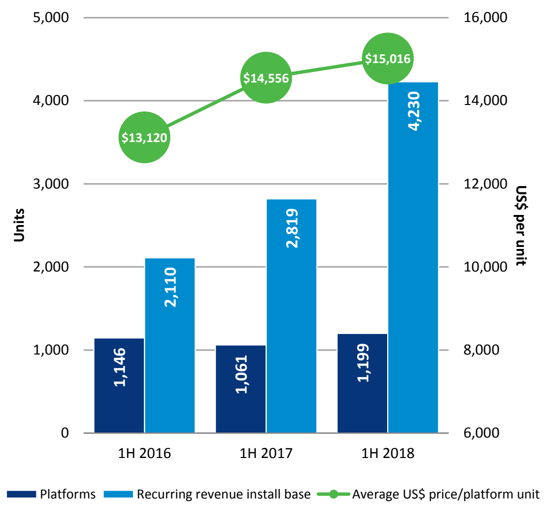
Class III outright sales revenue decreased by 3.9% compared to the prior corresponding period as the business cycles over a larger period of new openings and expansions. Ship share was broadly consistent with the prior corresponding period, in a highly competitive environment.

The Class III outright sales portfolio performed well during the period across all categories with updated content and continued success from Aristocrat's existing library. The *C-Series*™ portfolio included new brand extensions in *More More Chilli*™ & *More More Hearts*™ plus a top performing addition to the *Wonder 4*™ suite with *Wonder 4 Tall Fortunes*™. The *E-Series*™ performance and depth of library continued to grow with strong performing titles such as *American Bison*™, supported by the new top performing *Mighty Cash*™ *– Long Teng Ju Xiao*™. *J-Series*™ was also a key category across both *Helix*™ and *ARC*™ footprint with the new *Spin It Grand*™*, 5 Dragons*™ *Rapid* and the latest extensions of *Gold Stacks*™.

Aristocrat introduced innovative Linked Progressive versions of our top performing *Mighty Cash*™ and our new *Makin Cash*™ */ Rockin Cash*™ series. Linked Progressives play a key role in Class III outright sales portfolio with support for *Mighty Cash*™ in the second half plus the introduction of *Gold Stacks 88*™ *Link* and *American Link*™.

Aristocrat will look to expand and support the Class III outright sales in the second half through the introduction of two new hardware innovations, *Helix*™ *XT and Helix*™ *Tower*. *Helix*™ *XT* will be launching with several key titles including *Gold Stacks 88*™ *Link, Buffalo Max*™ and *Wonder 4*™ with *Helix*™ *Tower* debuting *Mighty Cash Big Money*™.

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



Latin America revenue increased 45% compared to the prior corresponding period driven by growth in the premium gaming operations segment and performance of *Lightning Link*™.

Aristocrat Leisure Limited

Australia and New Zealand

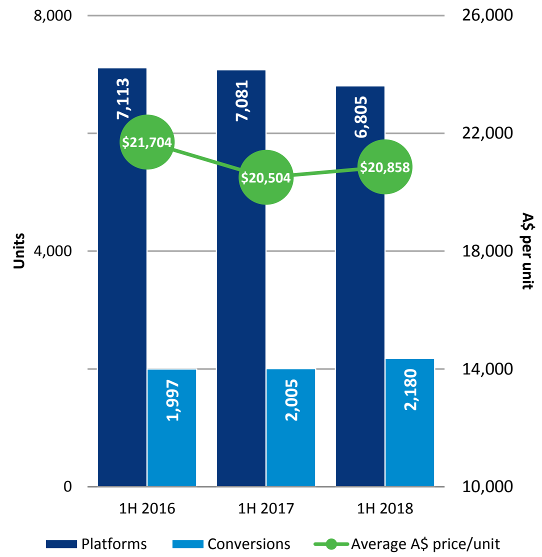
Summary Profit or Loss

A$ million	Constant currency Six months to 31 March 2018	Six months to 31 March 2017	Variance %
Revenue	**215.4**	210.8	2.2
Profit	**97.8**	91.9	6.4
Margin	**45.4%**	43.6%	1.8 pts

ANZ revenue increased by 2.2% to $215 million in constant currency terms compared to the prior corresponding period, while overall profit increased by 6.4% to $97.8 million.

Average selling price improved slightly from the prior corresponding period driven by product mix with further penetration of the *Helix*™*+* cabinet.

ANZ Outright Sales units and Average A$ Price / unit



The ANZ business sustained market leading ship share driven by the top performing *Helix*™cabinet and further penetration of the *Dragon Cash*™ and *Dragon Link*™product families. Continued new releases of *Dragon Cash*™, *PC Emerald*™ and *PC Opal*™ as well as *5 Dragons Empire*™ further expanded the game library. The *Helix XT*™ cabinet was launched during the period, further extending the successful *Helix*™ hardware portfolio.

International Class III

Summary Profit or Loss

A$ million	Constant currency Six months to 31 March 2018	Six months to 31 March 2017	Variance %
Revenue	**106.3**	129.2	(17.7)
Profit	**55.1**	71.3	(22.7)
Margin	**51.8%**	55.2%	(3.4) pts
Class III Platforms	**3,010**	4,611	(34.7)

International Class III revenue and profit decreased 18% and 23% respectively to $106 million and $55 million compared to the prior corresponding period as the business cycles over the concentration of openings in this region.

Underlying performance remained strong in the International Class III business with continued penetration of *Lightning Link*™ across the Asia Pacific region delivering market-leading performance enabling the transition to floor optimisation following the prior focus on openings. *Mighty Cash*™, the innovative Linked Progressive, was launched late in the period, with strong initial performance.

EMEA launched *Helix*™*+* into South Africa delivering strong performance and drove further expansion of premium gaming operations footprint, primarily driven by *Lightning Link*™.

Digital

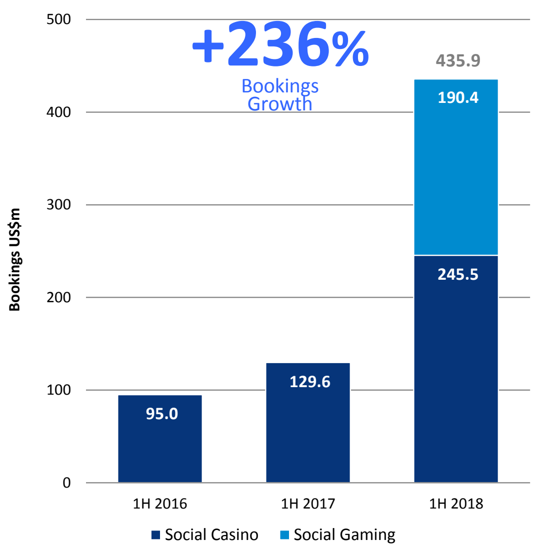
Summary Profit or Loss

US$ million	Six months to 31 March 2018	Six months to 31 March 2017	Variance %
Bookings	**435.9**	129.6	236.3
Revenue	**428.5**	129.6	230.6
Profit	**150.0**	56.6	165.0
Margin	**35.0%**	43.7%	(8.7) pts

The Digital business grew significantly versus the prior corresponding period supported by strong growth in Product Madness as well as the two Digital acquisitions, Plarium and Big Fish.

Segment margin moderated to 35.0%, in line with expectations, due to a more diverse portfolio of products with the two Digital acquisitions and reflecting the significant marketing investment behind new product launches including *FaFaFa Gold*™, *Family Zoo*™, *Alliance*™ and the growth of *Vikings*™ , *Cashman Casino*™ and *Cooking Craze*™.

Bookings[1] by Type



1. Bookings are an operational metric reflecting the amount of virtual currency, virtual goods and premium games the consumer has purchased. Reported revenue comprises bookings adjusted for deferred revenue.

Social Casino

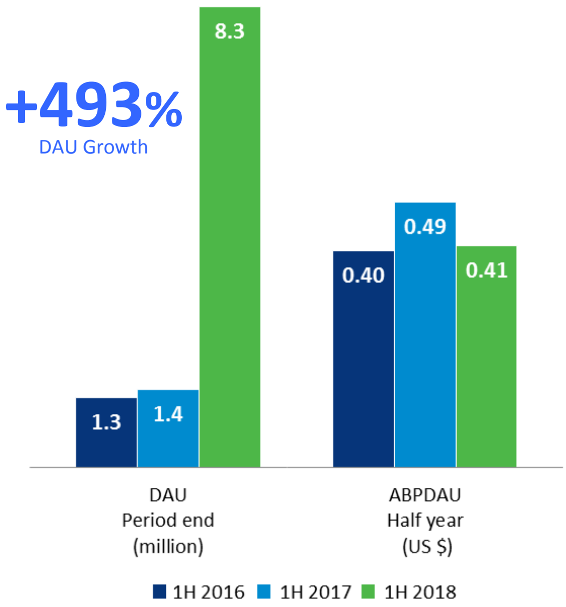
Cashman Casino™ , *Heart of Vegas*™ and the newly launched *FaFaFa Gold*™ contributed US$192 million in bookings, an increase of 48% over prior corresponding period with *Cashman Casino*™ continuing to scale.

Performance was further enhanced by the inclusion of *Big Fish Casino*™ and *Jackpot Magic Slots*™ from 10 January 2018, the date of acquisition of Big Fish.

Social Gaming

Social Gaming reflects a new segment for Aristocrat that combines the social games of both Plarium and Big Fish and the legacy PC business of Big Fish.

Daily Active Users (DAU) and Average US$ bookings per DAU (ABPDAU)



The acquisitions of Plarium and Big Fish significantly impacted the Daily Active Users (DAU) metric driving an increase of 6.3 million DAU in the period.

The growth in *Cashman Casino*™ and the launch of *FaFaFa Gold*™ in the period contributed growth of 0.6 million DAU compared to the prior corresponding period with Product Madness hitting 2 million DAU in the period.

The acquisitions in the period have introduced a more diverse portfolio of customers and products that monetise differently, impacting the ABPDAU compared to prior corresponding periods. The business continues to focus on great content, customer acquisition and retention.

Reconciliation of Revenue to Bookings (US$ millions)

US$ million	1H 2018	1H 2017
Revenue	**428.5**	129.6
Deferred revenue	**7.4**	-
Bookings	**435.9**	129.6

Plarium disclosures including pro forma values for the prior corresponding period

Plarium	1H 2018	1H 2017	Variance %
Bookings (US$ million)	**143.9**	139.3	3.3
DAU period end (million)	**2.5**	2.7	(7.4)

Plarium's bookings grew by 3.3% compared to the prior corresponding period driven by the strategic pivot into Mobile with key contributions from *Vikings*™ and the release of new games such as *Family Zoo*™ and *Alliance*™. These new game releases reflected the strategy of launching games into multiple genres and reducing the focus on Facebook and legacy Mobile games.

The growth in Mobile was achieved with higher quality DAU and as a result of the decrease in Facebook and legacy Mobile games, DAU declined by 7.4% compared to the prior corresponding period.

Plarium has a strong pipeline of games in development across multiple genres to support continued bookings growth in the second half.

Big Fish disclosures including pro forma values for the prior corresponding period

Big Fish	1H 2018	1H 2017	Variance %
Bookings (US$ million)	**249.1**	222.4	12.0
DAU period end (million)	**3.8**	3.3	15.2

Big Fish bookings increased 12% to US$249 million driven by the renewed focus on social casino (both *Big Fish Casino*™ and *Jackpot Magic Slots*™), and also the scaling of new social gaming titles including *Cooking Craze*™.

Big Fish continued to scale *Cooking Craze*™ and grow existing franchises such as *Gummy Drop*™ both contributing to increased bookings in the period.

DAU grew 15.2% to 3.8 million driven mainly by the scaling of *Cooking Craze*™ on the two key platforms of Google and iOS.

Aristocrat

Aristocrat Leisure Limited ABN 44 002 818 368
Financial statements for the half-year ended 31 March 2018

Introduction

This condensed consolidated interim report ("interim report") of Aristocrat Leisure Limited ('the Group') for the half-year ended 31 March 2018 covers the financial statements for the consolidated entity ("financial statements") consisting of Aristocrat Leisure Limited and its subsidiaries (together referred to as the Group).

The financial statements contained in this interim report do not include all the notes of the type normally included in an annual financial report. Accordingly, the financial statements contained in this interim report are to be read in conjunction with the annual report for the year ended 30 September 2017 and any public announcements made by Aristocrat Leisure Limited during the reporting period and up to the date of these financial statements, in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Significant changes in the reporting period

During the current period, the Group acquired on-line gaming operators Plarium Global Limited and Big Fish Games Inc. For a detailed discussion of the Group's financial performance and position, refer to the Review of Operations.

Financial statements

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Statement of profit or loss and other comprehensive income
for the half-year ended 31 March 2018

Consolidated	Note	Six months to 31 March 2018 $'m	Six months to 31 March 2017 $'m
Revenue	1-2	1,578.6	1,228.2
Cost of revenue		(669.5)	(487.4)
Gross profit		909.1	740.8
Other income	1-2	7.5	4.4
Design and development costs		(180.6)	(130.2)
Sales and marketing costs		(77.4)	(56.3)
General and administration costs		(248.5)	(158.6)
Finance costs		(48.6)	(33.5)
Profit before income tax expense		361.5	366.6
Income tax expense		(105.0)	(117.0)
Profit for the half-year		256.5	249.6
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange difference on translation of foreign operations		28.0	(1.7)
Net investment hedge		(4.8)	(0.4)
Changes in fair value of interest rate hedge		7.8	8.4
Other comprehensive income for the half-year, net of tax		31.0	6.3
Total comprehensive income for the half-year		287.5	255.9
Earnings per share attributable to ordinary equity holders of the Company		Cents	Cents
Basic earnings per share	1-4	40.2	39.1
Diluted earnings per share	1-4	40.1	39.0

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

Balance sheet
as at 31 March 2018

Consolidated	Note	31 March 2018 $'m	30 September 2017 $'m
ASSETS			
Current assets			
Cash and cash equivalents		**357.6**	547.1
Trade and other receivables		**755.9**	512.3
Inventories		**132.1**	116.4
Financial assets	2-2	**18.6**	6.4
Current tax assets		**18.1**	12.8
Total current assets		**1,282.3**	1,195.0
Non-current assets			
Trade and other receivables		**120.4**	107.0
Financial assets	2-2	**10.5**	7.8
Property, plant and equipment		**321.5**	241.3
Intangible assets	2-4	**3,749.4**	1,687.7
Deferred tax assets		**58.9**	54.1
Total non-current assets		**4,260.7**	2,097.9
Total assets		**5,543.0**	3,292.9
LIABILITIES			
Current liabilities			
Trade and other payables		**555.4**	404.7
Borrowings	2-1	**12.9**	0.1
Current tax liabilities		**101.5**	148.7
Provisions		**47.8**	44.3
Financial liabilities	2-2	**2.8**	0.5
Deferred revenue		**161.3**	54.8
Total current liabilities		**881.7**	653.1
Non-current liabilities			
Trade and other payables		**47.6**	44.2
Borrowings	2-1	**2,902.6**	1,199.3
Provisions		**19.8**	13.8
Financial liabilities	2-2	**-**	0.9
Deferred tax liabilities		**138.5**	12.7
Deferred revenue		**18.3**	19.6
Other liabilities		**21.1**	3.7
Total non-current liabilities		**3,147.9**	1,294.2
Total liabilities		**4,029.6**	1,947.3
Net assets		**1,513.4**	1,345.6
EQUITY			
Contributed equity	2-3	**715.1**	715.1
Reserves		**(77.8)**	(116.8)
Retained earnings		**876.1**	747.3
Total equity		**1,513.4**	1,345.6

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

Statement of changes in equity
for the half-year ended 31 March 2018

Consolidated	Note	Contributed equity $'m	Reserves $'m	Retained earnings $'m	Total equity $'m
Balance at 1 October 2016		693.8	(55.7)	437.4	1,075.5
Profit for the half-year ended 31 March 2017		-	-	249.6	249.6
Other comprehensive income		-	6.3	-	6.3
Total comprehensive income for the half-year		-	6.3	249.6	255.9
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	2-3	21.3	-	-	21.3
Net movement in share-based payments reserve		-	(13.3)	-	(13.3)
Dividends provided for and paid*	1-5	-	-	(95.6)	(95.6)
		21.3	(13.3)	(95.6)	(87.6)
Balance at 31 March 2017		**715.1**	**(62.7)**	**591.4**	**1,243.8**
Balance as at 1 October 2017		**715.1**	**(116.8)**	**747.3**	**1,345.6**
Profit for the half-year ended 31 March 2018		**-**	**-**	**256.5**	**256.5**
Other comprehensive income		**-**	**31.0**	**-**	**31.0**
Total comprehensive income for the half-year		**-**	**31.0**	**256.5**	**287.5**
Transactions with owners in their capacity as owners:					
Net movement in share-based payments reserve		**-**	**8.0**	**-**	**8.0**
Dividends provided for and paid	1-5	**-**	**-**	**(127.7)**	**(127.7)**
		-	**8.0**	**(127.7)**	**(119.7)**
Balance at 31 March 2018		**715.1**	**(77.8)**	**876.1**	**1,513.4**

*Payment of dividends relates to the 2016 final dividend.

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

Cash flow statement
for the half-year ended 31 March 2018

Consolidated	Six months to 31 March 2018 $'m	Six months to 31 March 2017 $'m
Cash flows from operating activities		
Receipts from customers	1,602.0	1,264.8
Payments to suppliers and employees	(1,146.3)	(778.4)
Other income	0.8	0.1
Interest received	4.6	3.1
Interest paid	(24.6)	(24.8)
Transaction costs paid relating to the acquisition of businesses	(28.1)	-
Income tax paid	(160.5)	(62.9)
Net cash inflow from operating activities	**247.9**	**401.9**
Cash flows from investing activities		
Payments for property, plant and equipment	(98.3)	(80.0)
Payments for intangibles	(21.9)	(26.3)
Payment for acquisition of subsidiaries (net of cash acquired)	(1,848.1)	(23.0)
Net cash outflow from investing activities	**(1,968.3)**	**(129.3)**
Cash flows from financing activities		
Payments for shares acquired by the employee share trust	(2.7)	-
Repayments of borrowings	(4.4)	(65.4)
Proceeds from borrowings	1,660.0	-
Dividends paid	(127.7)	(95.6)
Net cash inflow/(outflow) from financing activities	**1,525.2**	**(161.0)**
Net (decrease)/increase in cash and cash equivalents	**(195.2)**	**111.6**
Cash and cash equivalents at the beginning of the half-year	547.1	283.2
Effects of exchange rate changes	5.7	(0.3)
Cash and cash equivalents at the end of the half-year	**357.6**	**394.5**

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

Notes to the financial statements

1. Business performance

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

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

1-1 Segment performance

(a) Identification of reportable segments

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

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

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

Plarium Global Limited and Big Fish Games Inc. which were acquired during the period form part of the Digital segment.

(b) Segment results

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

Segment revenues and expenses are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis.

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

	The Americas $'m		Australia and New Zealand $'m		Digital $'m		International Class III $'m		Consolidated $'m	
Six months to 31 March	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue										
Segment revenue from external customers	764.9	715.8	214.9	210.8	552.9	172.4	108.2	129.2	1,640.9	1,228.2
Acquisition accounting fair value adjustments	-	-	-	-	(62.3)	-	-	-	(62.3)	-
Statutory revenue	764.9	715.8	214.9	210.8	490.6	172.4	108.2	129.2	1,578.6	1,228.2
Results										
Segment results	411.6	362.4	97.6	91.9	193.7	75.2	55.2	71.3	758.1	600.8
Interest revenue									5.5	4.3
Interest expense									(48.6)	(33.5)
Design and development costs									(180.6)	(130.2)
Amortisation of acquired intangibles									(71.2)	(37.4)
Acquisition transaction and integration costs									(32.6)	-
Acquisition fair value adjustments not allocated to segments									(43.5)	-
Other expenses									(25.6)	(37.4)
Profit before income tax expense									361.5	366.6
Income tax expense									(105.0)	(117.0)
Profit for the half-year									256.5	249.6

Notes to the financial statements

Business performance (continued)

1-2 Revenues

Revenue	Six months to 31 March 2018 $'m	Six months to 31 March 2017 $'m
Sale of goods and related licences	538.0	532.7
Gaming operations, online and services	1,040.6	695.5
Total revenue	1,578.6	1,228.2
Other income		
Interest	5.5	4.3
Foreign exchange gains	1.2	-
Sundry income	0.8	0.1
Total other income	7.5	4.4

1-3 Expenses

	Six months to 31 March 2018 $'m	Six months to 31 March 2017 $'m
Depreciation and amortisation		
Property, plant and equipment		
- Buildings	3.2	0.4
- Plant and equipment	64.7	50.3
- Leasehold improvements	3.4	2.2
Total depreciation and amortisation of property, plant and equipment	71.3	52.9
Intangible assets		
- Customer relationships and contracts	21.2	21.9
- Game names	3.0	0.4
- Technology and software	34.4	15.0
- Intellectual property and licences	6.8	4.6
- Capitalised development costs	1.8	1.3
- Big Fish intangible assets	16.0	-
Total amortisation of intangible assets	83.2	43.2
Total depreciation and amortisation	154.5	96.1
Employee benefits expense		
Total employee benefits expense	360.6	212.6
Lease payments		
Rental expense relating to operating leases		
- Minimum lease payments	22.5	13.0
Other expense items		
Acquisition transaction and integration costs	32.6	-
Write down of inventories to net realisable value	3.4	4.2
Legal costs	12.6	13.7
Net foreign exchange loss	-	4.3

Notes to the financial statements

Business performance (continued)

1-4 Earnings per share

Basic and diluted earnings per share (EPS) calculations	Six months to 31 March 2018	Six months to 31 March 2017
Net profit attributable to members of Aristocrat Leisure Limited ($'m)	**256.5**	249.6
Weighted average number of ordinary shares (WANOS) used in calculating basic EPS (number)	**638,111,247**	637,871,700
Effect of Performance Share Rights (number)	**1,081,330**	1,515,048
WANOS used in calculating diluted EPS (number)	**639,192,577**	639,386,748
Basic EPS (cents per share)	**40.2**	39.1
Diluted EPS (cents per share)	**40.1**	39.0

Basic earnings per share

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

Diluted earnings per share

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

Information concerning the classification of securities

Share-based payments

Rights granted to employees under share-based payments arrangements are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share.

Share-based payments trust

Shares purchased on-market and issued shares through the Aristocrat Employee Equity Plan Trust have been treated as shares bought back and cancelled for the purpose of the calculation of the weighted average number of ordinary shares in calculating basic earnings per share. At the end of the reporting period, there were 232,772 (2017: 235,712) shares held in the share trust.

1-5 Dividends

Ordinary shares	2018 Interim	2017 Final	2017 Interim
Dividend per share (cents)	**19.0c**	20.0c	14.0c
Franking percentage (%)	**100%**	100%	25%
Cost ($'m)	**121.3**	127.7	89.6
Payment date	**3 July 2018**	20 December 2017	3 July 2017

Franking credits

The franking account balance at 31 March 2018 was $116.2m (30 September 2017: $51.6m).

Dividends not recognised at period end

The 2018 interim dividend had not been declared at the reporting date and therefore is not reflected in the financial statements.

Notes to the financial statements

2. Capital and financial structure

This section provides information relating to the Group's capital structure and its exposure to financial risk.

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

2-1 Borrowings
2-2 Financial assets and financial liabilities
2-3 Contributed equity
2-4 Intangible assets
2-5 Net tangible assets per share

2-1 Borrowings

	31 March 2018 $'m	30 September 2017 $'m
Current		
Secured		
Bank loans	**12.8**	-
Lease liabilities	**0.1**	0.1
Total current borrowings	**12.9**	0.1
Non-current		
Secured		
Bank loans	**2,901.8**	1,198.6
Lease liabilities	**0.8**	0.7
Total non-current borrowings	**2,902.6**	1,199.3

Financing arrangements

Unrestricted access was available at balance date to the following lines of credit (shown net of upfront debt costs):

Credit standby arrangements	Notes	31 March 2018 $'m		30 September 2017 $'m	
Total facilities		**Total**	**Unused**	Total	Unused
- Bank overdrafts	(i)	**7.6**	**7.6**	7.6	7.6
- Bank loans	(ii)	**3,014.6**	**100.0**	1,298.6	100.0
Total facilities		**3,022.2**	**107.6**	1,306.2	107.6

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

(ii) Syndicated loan facilities, structured under the following tranches and facilities:

- Tranche A: US$950 million fully underwritten 7 year US Term Loan B debt facility maturing 20 October 2021. Since 31 March 2018, the maturity date for this facility was extended to 19 October 2024.
- Tranche B: US$1,311.7 million fully underwritten 7 year US Term Loan B debt facility maturing 19 October 2024.
- A$100 million 5 year Revolving facility maturing 20 October 2019.

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

Borrowings are currently priced at a floating rate of LIBOR plus a fixed credit margin as specified in the Term Loan B Syndicated Facility Agreement. A portion of the interest rate exposure has been fixed under separate interest rate swap arrangements.

Notes to the financial statements

Capital and financial structure (continued)

2-2 Financial assets and financial liabilities

	31 March 2018 $'m	30 September 2017 $'m
Financial assets		
Current		
Debt securities held-to-maturity	8.8	6.4
Interest rate swap contracts - cash flow hedges	9.8	-
Total current financial assets	18.6	6.4
Non-current		
Debt securities held-to-maturity	5.4	4.7
Other investments	5.1	3.1
Total non-current financial assets	10.5	7.8
Financial liabilities		
Current		
Derivatives used for hedging	2.8	0.5
Total current financial liabilities	2.8	0.5
Non-current		
Interest rate swap contracts - cash flow hedges	-	0.9
Total non-current financial liabilities	-	0.9

Fair value measurements

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

	Level 1 $'m		Level 2 $'m		Level 3 $'m		Total $'m	
	31 March 2018	30 September 2017	31 March 2018	30 September 2017	31 March 2018	30 September 2017	31 March 2018	30 September 2017
Assets								
Interest rate swap contracts	-	-	9.8	-	-	-	9.8	-
Total assets at the end of the half-year	-	-	9.8	-	-	-	9.8	-
Liabilities								
Interest rate swap contracts	-	-	-	0.9	-	-	-	0.9
Derivatives used for hedging	-	-	2.8	0.5	-	-	2.8	0.5
Contingent consideration	-	-	-	-	98.6	-	98.6	-
Total liabilities at the end of the half-year	-	-	2.8	1.4	98.6	-	101.4	1.4

Fair value hierarchy levels	Definition	Valuation technique
Level 1	The fair value is determined using the unadjusted quoted market price in an active market for similar assets or liabilities.	The Group did not have any Level 1 financial instruments at the end of the current and prior reporting periods. The quoted market price used for financial assets held by the Group is the current bid price.
Level 2	The fair value is calculated using predominantly observable market data other than unadjusted quoted prices for an identical asset or liability.	Derivatives used for hedging are valued using forward exchange rates at the balance sheet date.
Level 3	The fair value is calculated using inputs that are not based on observable market data.	The contingent consideration liability forms part of trade and other payables, and is measured based on forecasted earnings before interest and tax (EBITDA) of the Plarium Group. Refer to Note 3-1 for further information.

There were no transfers between levels in the fair value hierarchy and no changes to the valuation techniques applied since 30 September 2017. The carrying amount of financial instruments not measured at fair value approximates fair value.

Notes to the financial statements

Capital and financial structure (continued)

2-3 Contributed equity

	Shares		$'m	
Six months to 31 March	**2018**	2017	**2018**	2017
Ordinary shares, fully paid	**638,544,150**	638,544,150	**715.1**	715.1
Movements in ordinary share capital				
Ordinary shares at the beginning of the half-year	**638,544,150**	637,119,632	**715.1**	693.8
Shares issued during the half-year	**-**	1,424,518	**-**	21.3
Ordinary shares at the end of the half-year	**638,544,150**	638,544,150	**715.1**	715.1

2-4 Intangible assets

The movement in intangible assets from $1,687.7m to $3,749.4m is primarily due to the acquisitions of Plarium and Big Fish during the period. The additions to intangibles from these acquisitions amounts to $2,048.4m. Refer to Note 3-1 for further information on acqusitions during the period.

2-5 Net tangible assets/(liabilities) per share

	31 March 2018	30 September 2017
	$	$
Net tangible assets/(liabilities) per share	**(3.50)**	(0.54)

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

Net assets per share at 31 March 2018 were $2.37 (30 September 2017: $2.11).

Notes to the financial statements

3. Business combinations

This section provides details on all business combinations that occurred during the half year period, between 1 October 2017 and 31 March 2018.

3-1 Business combinations during the period

3-1 Business combinations during the period

(a) Plarium Global Limited

On 19 October 2017 the Group acquired 100% of Plarium Global Limited (Plarium). Plarium is a free-to-play, social and web-based game developer, headquartered in Israel. The acquisition significantly expands Aristocrat's Digital addressable market in adjacent gaming segments.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	$'m
Purchase consideration	
Cash paid	630.5
Contingent consideration	95.3
Total purchase consideration	725.8

Finalisation of the fair values of assets and liabilities is in progress. Provisional values for the assets and liabilities at the date of acquisition are as follows:

	Fair value $'m
Cash and cash equivalents	40.0
Trade and other receivables	37.1
Property, plant and equipment	19.8
Intangible assets: Technology	181.3
Intangible assets: Game names	30.9
Other assets	8.4
Trade and other payables	(72.4)
Deferred tax liabilities	(38.2)
Net identifiable assets acquired	206.9
Add: goodwill	518.9
Net assets acquired	725.8

The goodwill is attributable to key employees, future growth opportunities and synergies from combining operations with Plarium. The goodwill is not deductible for tax purposes.

(i) Contingent consideration

The contingent consideration arrangement requires the Group to pay the former owners of Plarium based on a multiple of 10 times earnings before taxes, interest, depreciation and amortisation (EBITDA) for the 2017 and 2018 calendar years. The estimated amount payable at the acquisition date after discounting to present value is $95.3m (US$74.8m), which is included in trade and other payables in the balance sheet.

(ii) Acquisition related costs

Acquisition related costs of $9.6m are included in general and administration costs in the statement of profit or loss and other comprehensive income for the period and $11.7m in operating cash flows in the statement of cash flows.

(iii) Acquired receivables

The fair value of trade and other receivables on acquisition was $37.1m, of which $24.1m were trade receivables. The gross contractual amount for trade receivables due was $24.1m. The fair value of the receivables have been recovered from customers.

(iv) Revenue and profit contribution

The acquired business contributed revenues of $136.9m and a statutory net loss of $9.0m to the Group for the period from 19 October 2017 to 31 March 2018. The statutory net loss includes the amortisation of acquired intangibles of $13.0m (after tax), as well as fair value adjustments to deferred revenue resulting from acquisition accounting. Had the acquisition occurred on 1 October 2017, the revenue and profit of the Group would not be materially different to the amounts as included in the statement of profit or loss and other comprehensive income.

Refer to the Review of Operations for information on normalised results.

(v) Purchase consideration - cash outflow

	$'m
Outflow of cash to acquire subsidiary	630.5
Less: Cash acquired	(40.0)
Outflow of cash - investing activities	590.5

Business combinations (continued)

(b) Big Fish Games Inc.

On 10 January 2018 the Group acquired 100% of Big Fish Games Inc. (Big Fish). Big Fish is a global publisher of free-to-play games that operates across three key business lines that are focused on specific game segments, including social casino, social gaming and premium paid games. The acquisition provides a platform for growth though existing successful applications and an attractive pipeline of new applications.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	$'m
Purchase consideration	
Cash paid	1,257.9
Total purchase consideration	1,257.9

Finalisation of the fair values of assets and liabilities is in progress. Provisional values for the assets and liabilities at the date of acquisition are as follows:

	Fair value $'m
Cash and cash equivalents	0.3
Trade and other receivables	57.1
Property, plant and equipment	22.0
Intangible assets (excluding goodwill)	370.0
Other assets	0.6
Trade and other payables	(39.7)
Other liabilities	(14.7)
Deferred tax liabilities	(85.0)
Net identifiable assets acquired	310.6
Add: goodwill	947.3
Net assets acquired	1,257.9

The goodwill is attributable to key employees, future growth opportunities and synergies from combining operations with Big Fish Games Inc. The goodwill is not deductible for tax purposes.

(i) Acquisition related costs

Acquisition related costs of $14.0m are included in general and administration costs in the statement of profit or loss and other comprehensive income for the year and $16.4m in operating cash flows in the statement of cash flows.

(ii) Acquired receivables

The fair value of trade and other receivables on acquisition was $57.1m, of which $40.5m were trade receivables. The gross contractual amount for trade receivables due was $40.5m. The fair value of the receivables have been recovered from customers.

(iii) Revenue and profit contribution

The acquired business contributed revenues of $106.6m and a statutory net loss of $8.5m to the Group for the period from 10 January 2018 to 31 March 2018. The statutory net loss includes the amortisation of acquired intangibles of $12.2m (after tax), as well as fair value adjustments to deferred revenue resulting from acquisition accounting.

Refer to the Review of Operations for information on normalised results.

(iv) Purchase consideration - cash outflow

	$'m
Outflow of cash to acquire subsidiary	1,257.9
Less: Cash acquired	(0.3)
Outflow of cash - investing activities	1,257.6

Notes to the financial statements

4. Other disclosures

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

4-1 Contingent liabilities
4-2 Events occurring after reporting date
4-3 Basis of preparation

4-1 Contingent liabilities

The Group and parent entity have contingent liabilities at 31 March 2018 in respect of the following matters:

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

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

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

Most intellectual property claims involve highly complex issues. Often, these issues are subject to substantial uncertainties and therefore the probability of damages, if any, being sustained and an estimate of the amount of damages is difficult to ascertain. Based on the information currently available, the Directors consider that there are no current claims likely to have a material adverse effect on the Group; and

(iv) In April 2015, Cheryl Kater filed a purported class action lawsuit against Churchill Downs Incorporated (CDI) in the U.S. Federal District Court for the Western District of Washington. The litigation relates to the operation of the online social gaming platform Big Fish Casino, which is part of Big Fish Games, Inc. Aristocrat completed its acquisition of Big Fish Games, Inc from CDI in January 2018.

Aristocrat and CDI are working together to vigorously defend the action and believe that there are meritorious legal and factual defences against the Plaintiff’s allegations and requests for relief. Aristocrat is not aware of any other US Court having expressed an opinion similar to that of the court in this action.

Aristocrat has a number of contractual protections from CDI, including broad indemnity protection relating specifically to the Kater litigation.

4-2 Events occurring after reporting date

Since 31 March 2018, the maturity date on US$950 million of debt was extended from 20 October 2021 to 19 October 2024. Refer to Note 2-1 for further information on the Group's borrowing facilities.

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

Refer to Note 1-5 for information regarding dividends declared after reporting date.

4-3 Basis of preparation

Aristocrat Leisure Limited is a for-profit company incorporated and domiciled in Australia and limited by shares publicly traded on the Australian Securities Exchange. This condensed consolidated interim report ("interim report") covers the financial statements for the consolidated entity ("financial statements") consisting of Aristocrat Leisure Limited and its subsidiaries (together referred to as the Group).

This interim report for the half-year reporting period ended 31 March 2018 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 September 2017 and any public announcements made by Aristocrat Leisure Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted in this interim financial report are consistent with those of the previous financial year and corresponding interim reporting period. Comparative information is reclassified where appropriate to enhance comparability.

This interim report is presented in Australian dollars. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

Notes to the financial statements

4-3 Basis of preparation (continued)

New accounting standards and interpretations

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

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

Directors' declaration

for the year ended 31 March 2018

In the Directors' opinion:

(a) the financial statements and notes set out on pages 3 to 16 are in accordance with the *Corporations Act 2001* including:

(i) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 March 2018 and of its performance, for the half-year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

ID Blackburne
Chairman

Sydney
24 May 2018

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Aristocrat Leisure Limited (the Company), which comprises the balance sheet as at 31 March 2018, the statement of changes in equity, cash flow statement and statement of profit or loss and other comprehensive income for the half-year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Aristocrat Leisure Group (the consolidated entity). The consolidated entity comprises the Company and the entities it controlled from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 March 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Aristocrat Leisure Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

1. giving a true and fair view of the consolidated entity's financial position as at 31 March 2018 and of its performance for the half-year ended on that date;

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

PricewaterhouseCoopers

PricewaterhouseCoopers

M Graham

M K Graham
Partner

Sydney
24 May 2018

Directors' report
for the 6 months ended 31 March 2018
Aristocrat Leisure Limited
ABN 44 002 818 368

The directors present their report together with the financial statements of Aristocrat Leisure Limited (the 'Company') and its controlled entities (the 'Consolidated Entity') for the six months ended 31 March 2018. The financial statements have been reviewed and approved by the directors on the recommendation of the Company's Audit Committee.

This report should be read in conjunction with the 30 September 2017 Annual Financial Report of the Company and any public announcements made in the period by the Group in accordance with the continuous disclosure requirements of the *Corporations Act 2001 (Cth)* and the ASX Listing Rules.

This report is made on 24 May 2018.

Directors
Except as otherwise stated below, the directors of the Company during the six months under review and up to the date of this report are:

ID Blackburne	(Non-Executive Chairman)
T Croker	(Executive Director)
N Chatfield	(Non-Executive Director – appointed 7 February 2018)
KM Conlon	(Non-Executive Director)
SW Morro	(Non-Executive Director)
P Ramsey	(Non-Executive Director)
S Summers Couder	(Non-Executive Director)
A Tansey	(Non-Executive Director)

RV Dubs (Non-Executive Director) was a Non-Executive Director from the beginning of the six months under review until her retirement on 22 February 2018.

DCP Banks (Non-Executive Director) was a Non-Executive Director from the beginning of the six months under review until his retirement on 31 March 2018.

Review and results of operations

A review of the operations of the Consolidated Entity for the half-year ended 31 March 2018 is set out in the attached Operating and Financial Review which forms part of this Directors' Report. The reported result of the Consolidated Entity attributable to shareholders for the half-year ended 31 March 2018 was a profit of $256.5 million after tax (six months to 31 March 2017: $249.6 million).

Auditor's Independence Declaration

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

Rounding of amounts to nearest thousand dollars

The Company is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Statements. Amounts in the Directors' Report and Financial Statements have been rounded off to the nearest million dollars in accordance with the instrument.

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

ID Blackburne
Chairman
24 May 2018

Auditor's Independence Declaration

As lead auditor for the review of Aristocrat Leisure Limited for the half-year ended 31 March 2018, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

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

MK Graham
Partner
PricewaterhouseCoopers

Sydney
24 May 2018