ARISTOCRAT LEISURE LIMITED

ABN 44 002 818 368

2016 HALF YEAR
PROFIT ANNOUNCEMENT

RESULTS TO BE RELEASED
TO THE MARKET

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

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

2016 HALF YEAR
PROFIT ANNOUNCEMENT
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ARISTOCRAT LEISURE LIMITED

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APPENDIX 4D

Half-Year Report

Half-year ended: 31 March 2016

Previous corresponding period: 31 March 2015

Results for announcement to the market

Statutory results				March 2016 $'000
Revenue from ordinary activities	up	43.8%	to	1,009,792
Profit from ordinary activities after tax	up	105.0%	to	159,070

Dividends

	Amount per security	Franked amount per security	Record date for determining entitlements to dividends
Current year – 2016:			
- Interim dividend	10.0c	0.0c	2 June 2016
Previous year – 2015:			
- Interim dividend	8.0c	0.0c	2 June 2015
- Final dividend	9.0c	0.0c	2 December 2015

Dividend Reinvestment Plan (DRP)

The Aristocrat Leisure Limited Dividend Reinvestment Plan (DRP) will not operate in respect of the 2016 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
for the 6 months to 31 March 2016
Aristocrat Leisure Limited
ABN 44 002 818 368

Key performance indicators for the current period and prior period are set out below on a normalised basis excluding significant items and results of discontinued operations. There are no significant items or discontinued operations reported this period. Refer to page 6 for a reconciliation of statutory profit to normalised profit after tax and before amortisation of acquired intangibles.

A$ million	Constant currency[2] 6 months to 31 Mar 2016	6 months to 31 Mar 2016	6 months to 31 Mar 2015	Variance vs 6 months to 31 March 2015 Constant currency[2] %	Reported %
Normalised results[1]					
Total segment revenue from ordinary activities	938.3	1,009.8	685.0	37.0	47.4
Earnings before interest, tax, depreciation and amortisation (EBITDA)	342.0	372.4	243.4	40.5	53.0
Earnings before interest, tax and amortisation of acquired intangibles (EBITA)	287.7	312.7	199.3	44.4	56.9
Profit after tax	147.6	159.1	89.5	64.9	77.8
Net Profit after tax before amortisation of acquired intangibles (NPATA)	169.3	183.2	110.1	53.8	66.4
Earnings per share (fully diluted)	23.2c	25.0c	14.1c	64.5	77.3
Earnings per share before amortisation of acquired intangibles (fully diluted)	26.6c	28.7c	17.3c	53.8	65.9
Total dividend per share	10.0c	10.0c	8.0c	25.0	25.0
Reported results					
Profit after tax	147.6	159.1	77.6	90.2	105.0
Net Profit after tax before amortisation of acquired intangibles (NPATA)	169.3	183.2	98.2	72.4	86.6
Balance sheet/cash flow					
Net working capital/revenue	10.7%	9.6%	20.9%	10.2pts	11.3pts
Operating cash flow	261.6	284.9	101.4	158.0	181.0
Normalised operating cash flow[1]	261.6	284.9	131.5	98.9	116.7
Normalised operating cash flow conversion[1]	154.5%	155.5%	119.4%	35.1pts	36.1pts
Closing (net debt)/cash	n/a	(1,229.0)	(1,476.9)	n/a	16.8
Gearing (net debt/consolidated EBITDA as defined in Credit Agreement)	n/a	1.9	2.9	n/a	34.5

[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 discontinued operations. Significant items are items of income or expense 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. Discontinued operations relate to the Lotteries business which was sold on 29 September 2014 and the Japan Pachislot business which was sold on 29 May 2015.

[2] Results for 6 months to 31 March 2016 adjusted for translational exchange rates using rates applying in 2015 as referenced in the table on page 10.

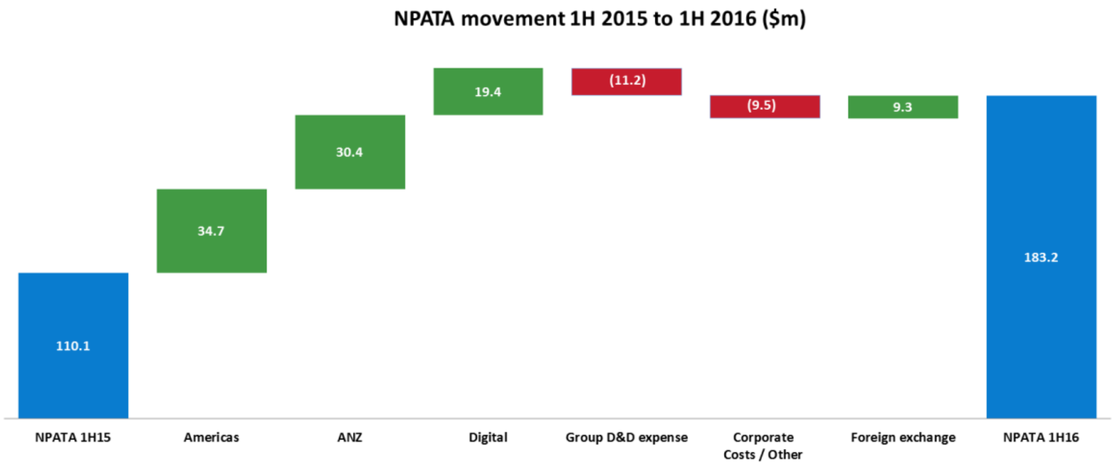
The information presented in this Review Of Operations has not been audited in accordance with the Australian Auditing Standards.

Group performance summary

Normalised profit after tax and before amortisation of acquired intangibles ('NPATA') of $183.2 million for the period represented a 66% increase (54% in constant currency) compared to $110.1 million in the prior corresponding period. There are no significant items or discontinued operations reported this period. Revenue increased by 47% (37% in constant currency) driven by growth across all key segments in broadly flat markets. Normalised fully diluted earnings per share before amortisation of acquired intangibles of 28.7c represent a 66% increase on the prior corresponding period.

Normalised operating cash flow more than doubled and net gearing reduced to 1.9x from 2.9x compared to the prior corresponding period reflecting the strong performance across the business as well as continued focus on cash management.

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



- Strong growth in our Americas business and a full period of VGT drove a $34.7 million improvement in post-tax profit compared to the prior period. This growth was supported by 26% growth in the Class III premium gaming operations footprint; 6% growth in Class II footprint; 11% growth in overall average fee per day; increased outright sales share and average selling price.
- The ANZ business delivered significant share gains across all market segments driven by the top performing *Helix*™ cabinet, penetration of the *Lightning Link*™ and *Lightning Cash*™ family of games and continued strong game performance.
- Digital delivered strong earnings growth due to continued success in Facebook and the growth of *Heart of Vegas*™ on mobile following the launch of Android since the prior corresponding period.
- The Group's strategic investments in talent and technology are delivering strong competitive product across all key markets and segments in line with its strategy.
- The impact of foreign exchange delivered a $9.3 million benefit which was offset by an increase in interest and corporate costs, representing higher variable employee compensation and increased legal spend.

Regional performance summary

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

Americas

- Significant share and profit growth in the Class III premium gaming operations segment with the install base increasing 26% to 11,613 units.
- Increased average fee per day (+11%) across the Class II and Class III gaming operations businesses driven by strong product performance and the introduction of the Wide Area Progressive (WAP) in the second half of 2015 in the Class II business.
- Incremental ship share and Average Selling Price in the outright sales segment on the strength of a market leading product portfolio, and expanded market penetration of both the *Helix*™ and *Arc*™ cabinets.

Australia and New Zealand

- Market leading ship share achieved across the region, in all channels and segments.
- Since launch, the *Helix*™ cabinet has been the top performing cabinet across the market.
- In all key jurisdictions we hold over 50% of the titles in the top 50 performing games.

International Class III

- *Good Fortune*™ link and *Five Dragons*™ continues to perform above floor in all venues in Asia Pacific.
- Continued penetration of the *Helix*™ cabinet throughout rest of world markets.
- Strong performance of premium content on new innovative cabinet forms like *Wonder Wheels*™, *Behemoth*™, *Arc*™ Single and *Arc*™ Double cabinets.

Digital

- Continued growth in profitability driven by *Heart of Vegas*™ ('HOV') expansion in mobile (iOS and Android) platforms and sustained success on Facebook.
- Daily active user ('DAU') numbers averaged 1.2 million and closed March with a high of 1.3 million DAUs.
- Overall average revenue per daily active user (ARPDAU) was US 40c for the period.

Profit and loss

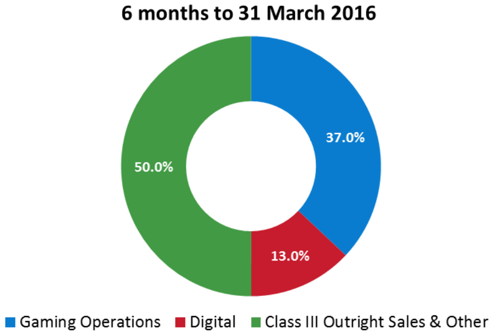
Results in the current period and prior corresponding period are at reported currency and normalised for significant items and discontinued operations. There are no significant items or discontinued operations in the current period. Segment profit is stated before amortisation of acquired intangibles.

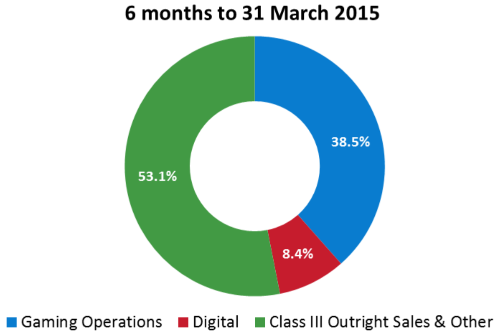
Summary profit and loss

A$ million	6 months to 31 Mar 2016	6 months to 31 Mar 2015	Variance $	Variance %
Segment revenue				
Australia and New Zealand	213.2	130.1	83.1	63.9
Americas	605.0	437.2	167.8	38.4
International Class III	60.8	60.0	0.8	1.3
Digital	130.8	57.7	73.1	126.7
Total segment revenue	**1,009.8**	**685.0**	**324.8**	**47.4**
Segment profit				
Australia and New Zealand	90.7	46.3	44.4	95.9
Americas	280.5	203.7	76.8	37.7
International Class III	23.0	23.7	(0.7)	(3.0)
Digital	50.7	17.7	33.0	186.4
Total segment profit	**444.9**	**291.4**	**153.5**	**52.7**
Unallocated expenses				
Group D&D expense	(107.7)	(84.3)	(23.4)	(27.8)
Foreign exchange	(2.7)	4.3	(7.0)	(162.8)
Corporate	(21.8)	(12.1)	(9.7)	(80.2)
Total unallocated expenses	**(132.2)**	**(92.1)**	**(40.1)**	**43.5**
EBIT before amortisation of acquired intangibles (EBITA)	**312.7**	**199.3**	**113.4**	**56.9**
Amortisation of acquired intangibles	(38.8)	(32.3)	(6.5)	(20.1)
EBIT	**273.9**	**167.0**	**106.9**	**64.0**
Interest	(45.3)	(37.1)	(8.2)	(22.1)
Profit before tax	**228.6**	**129.9**	**98.7**	**76.0**
Income tax	(69.5)	(40.4)	(29.1)	(72.0)
Profit after tax	**159.1**	**89.5**	**69.6**	**77.8**
Amortisation of acquired intangibles after tax	24.1	20.6	3.5	17.0
Profit after tax and before amortisation of acquired intangibles (NPATA)	**183.2**	**110.1**	**73.1**	**66.4**

Key metrics	**% of revenue**		**Variance**
Segment profit margin	**6 months to 31 Mar 2016**	**6 months to 31 Mar 2015**	**Pts**
Australia and New Zealand	42.5	35.6	6.9
Americas	46.4	46.6	(0.2)
International Class III	37.8	39.5	(1.7)
Digital	38.8	30.7	8.1
Overall segment profit margin	**44.1**	**42.5**	**1.6**
Group D&D expense	10.7	12.3	(1.6)
EBITA	31.0	29.1	1.9
NPATA	18.1	16.1	2.0
Effective tax rate (%)	30.4	31.1	(0.7)

Revenue by strategic segment





Revenue

Segment revenue increased $324.8 million or 47% in reported currency (37% in constant currency) with growth across all three of our strategic segments: Gaming Operations; Digital and Class III Outright Sales & Other.

In Gaming Operations, Premium Class III install base grew 26%, Class II footprint grew 6% and overall average fee per day grew 11%.

Digital revenue more than doubled to $118.5 million in constant currency terms due to continued growth in daily active users following the launch of ipad and Android.

In Class III Outright Sales, overall North American ship share increased in a relatively flat market compared to the prior corresponding period. Unit sales revenue was up 29%, driven by the sales volume increase and an improvement in average selling price ('ASP').

In Australia & New Zealand revenue increased by 64% to $213.4 million in constant currency terms, due to strong ship share across all market segments increasing units sold to 7,113 in the half. ASP increased due to a more favourable product mix with penetration of the *Lightning Link*™ and *Lightning Cash*™ family of games.

In International Class III revenue was down 1% to $59.3 million in constant currency terms, driven by two Macau openings in Asia Pacific in the prior corresponding period partially offset with stronger sales in Europe and South Africa during the period.

Earnings

Segment profit increased $153.5 million in reported currency, up 53% compared with the prior corresponding period (42% in constant currency) ahead of revenue delivery primarily due to improved margins in our ANZ and Digital businesses from a combination of higher average selling prices and operating leverage.

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. The Group's investment in D&D spend, as a percentage of revenue, was 10.7% compared to 12.3% of revenues in the prior corresponding period. Total reported spend increased $23.4 million or 28% (19% in constant currency).

Corporate costs increased by $9.7 million compared to the prior corresponding period mainly driven by higher variable employee compensation and higher legal costs. Corporate costs as a percentage of revenue remain approximately 2%, in line with the prior corresponding period.

Amortisation of acquired intangibles increased by $6.5 million, primarily driven by the incremental days of amortisation in the period due to the intangibles recognised on the acquisition of the VGT business on 20th October 2014.

Interest expense increased $8.2 million to $45.3 million reflecting the incremental days of interest and amortisation of upfront fees on the US$1.3 billion Term Loan B facility drawn down on 20th October 2014 and unfavourable foreign exchange partially offset by reduced debt levels.

The effective tax rate (ETR) for the reporting period was 30% compared to 31% in the prior corresponding period. The decrease in ETR is driven by mix of earnings with a larger contribution from the Australian business.

Reconciliation of statutory profit to NPATA

A$ million	6 months to 31 Mar 2016	6 months to 31 Mar 2015
Statutory profit/(loss) as reported in the financial statements	159.1	77.6
Amortisation of acquired intangibles (tax effected)	24.1	20.6
Reported profit after tax before amortisation of acquired intangibles (Reported NPATA)	183.2	98.2
Add back (profit)/loss from discontinued operations - Japan	0.0	4.2
Add back (profit)/loss from discontinued operations - Lotteries	0.0	(1.8)
Add back net (profit)/loss from significant items	0.0	9.5
Normalised Profit After Tax before amortisation of acquired intangibles (Normalised NPATA)	**183.2**	**110.1**

Discontinued Operations in the prior corresponding period:

The Group sold the Lotteries business in September 2014 and sold the Japan Pachislot business in May 2015 following the de-risking of this business via an impairment charge in fiscal 2014.

Significant Items in the prior corresponding period:

During the period to 31 March 2015 the following were classified as significant items:

- Acquisition related transaction, integration and restructuring costs ($15.7 million); partially offset by
- Reversal of impairment of Japan Pachislot business ($6.2 million).

Balance sheet and cash flows

Balance sheet

The balance sheet can be summarised as follows:

A$ million	31 Mar 2016	30 Sep 2015	31 Mar 2015	Variance %
Cash and cash equivalents	337.5	329.0	159.7	111.3
Property, plant and equipment	204.2	203.5	185.7	10.0
Intangible assets	1,747.0	1,941.8	1,814.1	(3.7)
Other assets	704.9	744.4	694.7	1.5
Total assets	**2,993.6**	**3,218.7**	**2,854.2**	**4.9**
Current borrowings	0.1	0.1	2.7	(96.3)
Non current borrowings	1,566.4	1,779.5	1,633.9	(4.1)
Payables, provisions and other liabilities	471.3	521.7	431.4	9.2
Total equity	955.8	917.4	786.2	21.6
Total liabilities and equity	**2,993.6**	**3,218.7**	**2,854.2**	**4.9**
Net working capital	182.5	142.7	242.7	(24.8)
Net working capital % revenue	9.6	9.0	20.9	(54.1)
Normalised net working capital % revenue	11.9	14.4	27.5	(56.7)
Net debt / (cash)	1,229.0	1,450.6	1,476.9	(16.8)

Significant balance sheet movements from 31 March 2015 are:

Net working capital: Normalised for deferred and contingent consideration on the VGT and Product Madness acquisitions, net working capital as a percentage of annual revenue decreased to 12% from 27%. This was due to the higher recurring revenue mix from the inclusion of VGT for the full twelve months and the growth in the Class III premium gaming operations and Digital businesses, in addition to continued focus on improved cash management.

Intangible assets: The $67.1 million decrease relates primarily to amortisation of the acquired intangibles of the VGT business – predominantly customer relationships and technology intangible assets.

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

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

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**	**6 months to 31 Mar 2016**	**6 months to 31 Mar 2015**	**Change %**
EBITDA	372.4	243.4	53.0
Change in net working capital	(39.8)	(45.8)	13.1
Interest and tax	(68.5)	(27.7)	(147.3)
Other cash and non-cash movements	20.8	(68.5)	na
Operating cash flow	**284.9**	**101.4**	**181.0**
One off and discontinued items	0.0	30.1	(100.0)
Operating cash flow (normalised)	**284.9**	**131.5**	**116.7**
Operating cash flow (normalised) less capex	**180.3**	**85.7**	**110.4**
Operating cash flow (normalised) % NPATA	155.5	119.4	30.2
Operating cash flow (normalised) % EBITDA	76.5	54.0	41.7

Consolidated cash flow **A$ million**	**6 months to 31 Mar 2016**	**6 months to 31 Mar 2015**	**Change %**
Operating cash flow	**284.9**	**101.4**	**181.0**
Capex	(104.6)	(45.8)	(128.4)
Acquisitions and divestments	(30.2)	(1,432.1)	97.9
Investing cash flow	**(134.8)**	**(1,477.9)**	**90.9**
Proceeds from borrowings	0.0	1,449.4	(100.0)
Repayment of borrowings	(69.2)	(153.4)	54.9
Dividends and share payments	(57.3)	(52.6)	(8.9)
Financing cash flow	**(126.5)**	**1,243.4**	**na**
Net increase / (decrease) in cash	**23.6**	**(133.1)**	na

Normalised operating cash flow increased 117% compared to the prior corresponding period.

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

Net interest paid at $43.0 million was $22.2 million higher than the prior corresponding period due to timing of the loan repayments with an additional quarterly payment in the first half of 2016.

Taxes paid in the period increased from $13.9 million to $30.3 million driven by the increase in mix of business in North America at a higher tax rate.

Capital expenditure increased 128% to $104.6 million primarily due to investment in hardware to support the 26% growth in the Class III premium gaming operations installed base.

During the period, US$50 million of the Term Loan B facility was repaid.

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

Funding and Liquidity

The Group had committed loan facilities of $1.7 billion as at 31 March 2016, comprising a US$1.22 billion Term Loan B facility maturing in October 2021 and a $100 million Revolving facility maturing in October 2019. The Group repaid US$50 million of the Term Loan B facility during the period, reflecting the Group's strong cash balance and liquidity position during the period providing it with flexibility to repay debt.

The Group's facilities are summarised as follows:

Facility	Drawn as at 31 March 2016	Limit	Maturity date
Term Loan B facility	US$1.22bn	US$1.22bn	October 2021
Revolving facility	A$0.0m	A$100.0m	October 2019
Overdraft facilities	A$0.0m	A$7.6m	Annual Review

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

Ratio	31 Mar 2016	30 Sep 2015	31 Mar 2015
Debt/EBITDA*	2.3X	3.1X	3.2X
Net debt (cash)/EBITDA*	1.9X	2.6X	2.9X
EBITDA*/interest expense**	8.0X	7.4X	7.0X

* EBITDA refers to Consolidated EBITDA for the Group as defined in Aristocrat's Syndicated Facility Agreement (also referred to as Bank EBITDA). EBITDA and interest for the periods ended 30 September 2015 and 31 March 2015 are calculated on a pro forma basis assuming a full year of ownership of VGT and based on results for a 12 month period ending on each reporting date.

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

The Group's leverage ratio (net debt / EBITDA) continued to decline in the reporting period, falling from 2.6x as at 30 September 2015 to 1.9x as at 31 March 2016. The reduction in gearing over the reporting period reflects both earnings growth and strong free cash flow generation across the Group.

Credit Ratings

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

As at 31 March 2016, Aristocrat holds credit ratings of Ba2 from Moody's and BB from Standard & Poor's.

Dividends

The Directors have authorised an interim dividend in respect of the half year to 31 March 2016 of 10.0 cents per share ($63.7 million), representing an increase of 2.0 cents per share on the prior corresponding period, reflective of growth in performance, strength of cash flows and improved gearing. The dividend will be unfranked and is expected to be declared and paid on 1 July 2016 to shareholders. 100% of the unfranked dividend will be paid out of conduit foreign income.

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 2016, the Australian dollar was, on average, weaker against the US dollar when compared to the prior corresponding period. The impact of translating foreign currency (translational impact) increased revenue by $71.5 million while increasing normalised profit after tax and before amortisation of acquired intangibles by $13.9 million on a weighted average basis when compared with rates prevailing in the respective months in the prior period. In addition, as at 31 March 2016, 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 $7.6 million (compared to a credit balance of $62.8 million as at 30 September 2015).

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 $4 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 2016	30 Sept 2015	31 Mar 2015	6 months to 31 Mar 2016 Average[1]	6 months to 31 Mar 2015 Average[1]
USD	0.7669	0.7010	0.7634	0.7257	0.8118
NZD	1.1062	1.0998	1.0195	1.0833	1.0624
EUR	0.6766	0.6236	0.7070	0.6648	0.6909
GBP	0.5332	0.4623	0.5164	0.4967	0.5260
ZAR	11.4359	9.7079	9.2784	10.9302	9.2790
ARS	11.2006	6.5999	6.7295	9.2539	6.9724

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

Regional segment review

Segment profit/(loss) represents earnings before interest and tax, and before significant items, charges for D&D expenditure, amortisation of acquired intangibles and corporate costs. The total amount of these items is disclosed in the Group's statement of comprehensive income. There are no significant items or discontinued operations in the current period. Constant currency amounts refer to 2016 results restated using exchange rates applying in 2015.

Americas

US$ million	6 months to 31 Mar 2016	6 months to 31 Mar 2015	Variance $	Variance %
Revenue				
North America	419.8	333.2	86.6	26.0
Latin America	20.7	16.5	4.2	25.5
Total	**440.5**	**349.7**	**90.8**	**26.0**

US$ million	6 months to 31 Mar 2016	6 months to 31 Mar 2015	Variance $	Variance %
Profit				
North America	198.2	157.5	40.7	25.8
Latin America	5.9	4.3	1.6	37.2
Total	**204.1**	**161.8**	**42.3**	**26.1**
Margin	46.3%	46.3%	-	0.0 pts

North America	6 months to 31 Mar 2016	6 months to 31 Mar 2015	Variance $	Variance %
Volume				
- Platforms	5,351	4,214	1,137	27.0
- Conversions	1,257	1,948	(691)	(35.5)
Average US$ price/unit	18,101	16,462	1,639	10.0
Class III premium gaming operations units	11,613	9,204	2,409	26.2
Class II gaming operations units	21,136	19,983	1,153	5.8
Total gaming operations units	32,749	29,187	3,562	12.2
Gaming operations US$/day	46.88	42.20	4.68	11.1

Latin America	6 months to 31 Mar 2016	6 months to 31 Mar 2015	Variance $	Variance %
Volume				
- Platforms	1,146	795	351	44.2
- Conversions	22	179	(157)	(87.7)
Average US$ price/unit	13,120	14,642	(1,522)	(10.4)

In local currency, North American revenue and profits increased by 26%.

The Group realised significant growth in its Class III premium gaming operations footprint through the continued commercialisation of innovative content and hardware. Growth was fuelled through the mix of both proprietary and licenced titles, namely *Lightning Link*™, *Buffalo Grand*™, *Game of Thrones*™, *Big Bang Theory*™, *Ted*™ and *Britney Spears*™. The expansion of leading-edge hardware configurations, including the *Arc*™ Double and *Behemoth*™ cabinets, coupled with the top performing *Helix*™ upright cabinet, supported growth in the install base. Continued strong performance of products like *Cash Express Gold Class*™, *Buffalo Stampede*™ and *The Walking Dead*™ sustained revenues and profitability while new products and hardware stimulated growth. Premium pricing on Multi Site Progressive (MSP) products and further penetration of the new form factors have driven substantial uplift in the fee per day.

The Class III premium gaming operations install base will continue to be supported by the release of blockbuster titles including the upcoming releases of *Big Bang Theory*™ and the highly anticipated sequel *The Walking Dead*™ II on the *Arc*™ Double, *Man of Steel*™ on the *Wonder Wheels*™ platform and *Magic Mike XXL*™ on the Verve cabinet.

In Class II gaming operations, the install base grew 6% to 21,136 units with gains in the Midwest as well as new casino locations and expansions driving the increase. The Mexico operation ceased in the second half of fiscal 15 and the units have been excluded from the prior corresponding period disclosures.

Average fee per day across Class II and Class III increased 11% driven by strong product performance and the introduction of WAP in the second half of 2015 in the Class II business.

In Outright Sales, the Group was able to grow total market ship share circa 3 percentage points and video ship share circa 7 percentage points in a market that increased approximately 3% with new openings, expansions and replacements. Unit sales increased 27% compared to the prior corresponding period driven by strong product performance on both the *Arc*™ Single and *Helix*™ form factors. ASP increased 10% to US$18,101 per unit, compared to the prior corresponding period driven by strong sales of *Arc*™ Single and *Helix*™ cabinets. Sales of Class III conversions decreased 35% compared to the prior period as a result of strong unit sales.

The *Arc™* Single continues to drive strong performance with a portfolio of proprietary brands including *Buffalo Gold*™, *Gold Stacks™, 5 Dragons Gold*™ and *Wonder 4 Tower™.* The *Helix™* cabinet gained further market penetration during the period supported by a strong portfolio of games in all key segments. The core portfolio included *Extra Bonus Wilds™*, *Wonder 4™*, *Wicked Winnings™Legends*™ and *Mega Line Power™*. The J-Series™ segment portfolio includes *Gold Stacks™*, *Gold Pays™*, and *Super Wheel Blast™*. In the E-Series™ segment *Sacred Guardians™*, *Sweet Skulls*™, *The Romance of Fire & Rain™, Sky Rider 2*™ and *Flowers of Babylon*™ provided further depth in the games library.

In Latin America, unit sales volume was up 44%. In addition, overall ASP decreased by 10% due to product mix. Revenue increased 25% driven by higher unit volumes and product mix. Latin America continues to see growth in recurring revenue in both install base and fee per day.

Australia and New Zealand

A$ million	Constant currency 6 months to 31 Mar 2016	6 months to 31 Mar 2015	Variance $	Variance %
Revenue	**213.4**	**130.1**	**83.3**	**64.0**

A$ million	Constant currency 6 months to 31 Mar 2016	6 months to 31 Mar 2015	Variance $	Variance %
Profit	**90.6**	**46.3**	**44.3**	**95.7**
Margin	42.5%	35.6%	-	6.9 pts

	6 months to 31 Mar 2016	6 months to 31 Mar 2015	Variance $	Variance %
Volume				
- Platforms	7,113	4,335	2,778	64.1
- Conversions	1,997	1,175	822	70.0
Average A$ price/unit	21,704	19,797	1,907	9.6

ANZ revenue and profit increased 64% and 96% respectively to $213.4 million and $90.6 million compared to the prior corresponding period. This reflects a significant step change in ship share of circa 16 percentage points in a market that grew by circa 2% during the period.

The ship share gains were the result of bringing to market a portfolio of games and cabinet offerings providing breadth of product categories and depth of performing games for all customer groups. The most successful games in the portfolio were the *Lightning Link*™ and *Lightning Cash*™ family of games.

Average Selling Price increased 10% due to an improved games mix of high performing premium content.

Segment margin increased to 42.5% from 35.6% due to a combination of higher ASP and higher contribution from sales of conversions which are at a higher margin, the absence of one time launch costs related to the new cabinet rollout, partially offset by the weaker Australian dollar that impacted US dollar denominated cost of sales.

International Class III

A$ million	Constant currency 6 months to 31 Mar 2016	6 months to 31 Mar 2015	Variance $	Variance %
Revenue	**59.3**	**60.0**	**(0.7)**	**(1.2)**
Profit	**22.5**	**23.7**	**(1.2)**	**(5.1)**
Margin	37.9%	39.5%	-	(1.6) pts
Volume - Class III Platforms	1,728	2,149	(421)	(19.6)

International Class III revenue and profit decreased 1% and 5% respectively to $59.3 million and $22.5 million compared to the prior corresponding period. Asia Pacific performance was impacted by the absence of 2 major openings in Macau compared with the prior corresponding period. Europe and South Africa experienced strong growth over the period with the commercialisation of the *Helix*™ and other premium cabinets.

Segment margin decreased to 37.9% compared to the prior corresponding period due to the different geographical mix with lower activity in Asia Pacific.

Digital

A$ million	Constant currency 6 months to 31 Mar 2016	6 months to 31 Mar 2015	Variance $	Variance %
Revenue	**118.5**	**57.7**	**60.8**	**105.4**
Profit	**46.0**	**17.7**	**28.3**	**159.9**
Margin	38.8%	30.7%	-	8.1 pts

	6 months to 31 Mar 2016	6 months to 31 Mar 2015	Variance $	Variance %
Daily average users (DAU)				
- Half year	1,219,470	716,672	502,798	70.2
- End of period	1,258,840	772,616	486,224	62.9
Average US$ net revenue per DAU (ARPDAU)				
- Half year	$ 0.40	$ 0.35	0.05	14.3
- End of period	$ 0.41	$ 0.42	(0.01)	(2.4)

Digital revenues more than doubled to $118.5 million in constant currency ($130.8 million in reported currency).

The Digital segment result was primarily driven by sustained growth in the *Heart of Vegas*™ application throughout the period. Growth in earnings and daily average users were driven by the expansion in mobile platforms and the sustained success of *Heart of Vegas*™ on Facebook. Higher monetisation rates were driven primarily by the mobile launches (iOS and Android) and increasingly sophisticated product and marketing features. Margin for the reporting period was 38.8% compared to 30.7% in the prior corresponding period due to operating leverage.

Aristocrat

Financial statements for the half-year ended 31 March 2016

These financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 September 2015 and any public announcements made by Aristocrat Leisure Limited during the reporting period and up to the date of these financial statements, in accordance with the continuous disclosure requirements of the *Corporations Act 2001* .

Aristocrat Leisure Limited ABN 44 002 818 368

Contents

Consolidated statement of comprehensive income

for the half-year ended 31 March 2016

	Notes	Six months to 31 March 2016 $'000	Six months to 31 March 2015 $'000
From continuing operations			
Revenue	3	**1,009,792**	684,983
Cost of revenue		**(417,643)**	(280,399)
Gross profit		**592,149**	404,584
Other income	3	**5,560**	8,992
Design and development costs		**(107,747)**	(84,294)
Sales and marketing costs		**(57,579)**	(47,772)
General and administration costs	3	**(153,526)**	(134,404)
Finance costs		**(50,306)**	(41,477)
Profit before income tax expense		**228,551**	105,629
Income tax expense		**(69,481)**	(31,736)
Profit from continuing operations		**159,070**	73,893
Profit from discontinued operations	9	**-**	3,687
Profit for the half-year		**159,070**	77,580
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(93,634)**	61,263
Exchange differences on translation of discontinued operations		**-**	(2,068)
Net investment hedge		**23,269**	(7,969)
Changes in fair value of interest rate hedge		**(3,110)**	(2,835)
Other comprehensive income/(loss) for the half-year, net of tax		**(73,475)**	48,391
Total comprehensive income for the half-year		**85,595**	125,971
Total comprehensive income arises from:			
Continuing operations		**85,595**	124,352
Discontinued operations		**-**	1,619
		85,595	125,971
Earnings per share for profit from continuing operations attributable to ordinary equity holders of the Company		**Cents**	Cents
Basic earnings per share	6	**25.0**	12.0
Diluted earnings per share	6	**25.0**	11.9
Earnings per share for profit attributable to ordinary equity holders of the Company		**Cents**	Cents
Basic earnings per share	6	**25.0**	12.3
Diluted earnings per share	6	**25.0**	12.2

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

Consolidated statement of financial position

as at 31 March 2016

	Notes	31 March 2016 $'000	30 September 2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents		337,458	329,005
Trade and other receivables		420,601	439,720
Inventories		100,230	102,193
Financial assets		12,420	10,082
Other assets		7,626	2,164
		878,335	883,164
Assets classified as held for sale	10	12,345	15,309
Total current assets		890,680	898,473
Non-current assets			
Trade and other receivables		78,891	86,035
Financial assets		6,971	7,745
Property, plant and equipment		204,150	203,456
Deferred tax assets		65,973	81,183
Intangible assets		1,746,963	1,941,841
Total non-current assets		2,102,948	2,320,260
Total assets		2,993,628	3,218,733
LIABILITIES			
Current liabilities			
Trade and other payables		283,456	361,386
Borrowings	7	124	124
Current tax liabilities		41,422	11,425
Provisions		26,398	28,124
Financial liabilities		1,021	331
Other liabilities		62,412	40,063
		414,833	441,453
Liabilities directly associated with assets classified as held for sale	10	395	908
Total current liabilities		415,228	442,361
Non-current liabilities			
Trade and other payables		17,511	43,228
Borrowings	7	1,566,415	1,779,508
Provisions		13,549	14,686
Financial liabilities		11,264	8,212
Other liabilities		13,867	13,315
Total non-current liabilities		1,622,606	1,858,949
Total liabilities		2,037,834	2,301,310
Net assets		955,794	917,423
EQUITY			
Contributed equity	4	693,834	693,834
Reserves		(47,745)	15,661
Retained earnings		309,705	207,928
Total equity		955,794	917,423

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

Consolidated statement of changes in equity

for the half-year ended 31 March 2016

	Notes	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 October 2014		641,603	(58,105)	122,582	706,080
Profit for the half-year		-	-	77,580	77,580
Other comprehensive income		-	48,391	-	48,391
Total comprehensive income for the half-year		-	48,391	77,580	125,971
Transactions with owners in their capacity as owners:					
Share capital issued	4	24,932	-	-	24,932
Net movement in share-based payments reserve		-	(20,388)	-	(20,388)
Dividends provided for or paid	5	-	-	(50,401)	(50,401)
		24,932	(20,388)	(50,401)	(45,857)
Balance at 31 March 2015		666,535	(30,102)	149,761	786,194
Balance at 1 October 2015		**693,834**	**15,661**	**207,928**	**917,423**
Profit for the half-year		**-**	**-**	**159,070**	**159,070**
Other comprehensive income/(loss)		**-**	**(73,475)**	**-**	**(73,475)**
Total comprehensive income/(loss) for the half-year		**-**	**(73,475)**	**159,070**	**85,595**
Transactions with owners in their capacity as owners:					
Net movement in share-based payments reserve		**-**	**10,069**	**-**	**10,069**
Dividends provided for or paid	5	**-**	**-**	**(57,293)**	**(57,293)**
		-	**10,069**	**(57,293)**	**(47,224)**
Balance at 31 March 2016		**693,834**	**(47,745)**	**309,705**	**955,794**

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

Consolidated statement of cash flows

for the half-year ended 31 March 2016

	Notes	Six months to 31 March 2016 $'000	Six months to 31 March 2015 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,075,659**	728,712
Payments to suppliers and employees (inclusive of goods and services tax)		**(722,785)**	(579,428)
		352,874	149,284
Other income		**561**	1,304
Interest received		**4,802**	3,896
Interest paid		**(43,047)**	(20,823)
Transaction costs relating to acquisition of subsidiary		**-**	(18,360)
Income taxes paid		**(30,272)**	(13,863)
Net cash inflow from operating activities		**284,918**	101,438
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired		**(30,214)**	(1,430,690)
Payments for property, plant and equipment		**(94,762)**	(41,154)
Payments for intangibles		**(9,799)**	(4,804)
Payments for investments		**-**	(3,138)
Proceeds from sale of subsidiary		**-**	1,757
Proceeds from sale of property, plant and equipment		**3**	117
Net cash outflow from investing activities		**(134,772)**	(1,477,912)
Cash flows from financing activities			
Payments for shares acquired by the Aristocrat Employee Share Trust		**-**	(2,225)
Proceeds from borrowings		**-**	1,449,435
Repayment of borrowings		**(69,204)**	(153,271)
Finance lease payments		**(62)**	(79)
Dividends paid to company's shareholders	5	**(57,293)**	(50,401)
Net cash (outflow)/inflow from financing activities		**(126,559)**	1,243,459
Net increase/(decrease) in cash and cash equivalents held		**23,587**	(133,015)
Cash and cash equivalents at the beginning of the half-year		**332,699**	285,929
Effects of exchange rate changes on cash and cash equivalents		**(14,646)**	6,819
Cash and cash equivalents at the end of the half-year		**341,640**	159,733
Included in cash and cash equivalents per the statement of financial position		**337,458**	159,733
Included in the assets of the disposal group		**4,182**	-

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

Notes to the consolidated financial statements

for the half-year ended 31 March 2016

Note 1. Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 31 March 2016 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001.*

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 September 2015 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 are consistent with those of the previous financial year and corresponding interim reporting period. Comparative information is reclassified where appropriate to enhance comparability. The comparative information has also been adjusted due to the impact of the Japan (K.K Aristocrat Technologies and K.K Spiky) and Lotteries (Aristocrat Lotteries AB and Aristocrat Lotteries Italia S.r.L) discontinued operations.

Significant changes and events in the current reporting period

There were no significant changes or events in the current reporting period. For a detailed discussion of the Group's financial performance and position, refer to the Review of Operations.

Business combination in the prior period

On 20 October 2014 the Group acquired 100% of Video Gaming Technologies Inc (VGT). Details of this business combination were disclosed in Note 35 of the Group's annual financial statements for the year ended 30 September 2015.

Impact of standards issued but not yet applied by the Group

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The standard does not need to be applied until 1 January 2018 but is available for early adoption. The Group is yet to undertake a detailed assessment, but it is not expected that the standard will have a significant impact on its financial statements.

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 18 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard is not applicable until 1 January 2018 but is available for early adoption. Management is currently assessing the effects of applying the new standard on the Group's financial statements. At this stage, the Group is not able to estimate the effect of the new rules on the financial statements. More detailed assessments of the effect will be made over the next twelve months. The Group does not expect to adopt the new standard before 1 January 2018.

The AASB issued AASB 16 Leases to remove the balance sheet distinction between operating and finance leases for lessees. Changes under AASB 16 will predominantly affect lessees with almost all leases going on the balance sheet. The asset (the right to use the leased item) and a financial liability to pay rentals are recognised under the new standard with the only exemption being short-term and low-value leases. The standard will be effective from 1 January 2019 but early adoption is allowed if the new revenue standard has also been applied. At this stage, the Group is not able to estimate the effect of the new rules on the financial statements. More detailed assessments of the effect will be made over the next twelve months. The Group does not expect to adopt the new standard before 1 January 2019.

Note 2. Segment information

Description of segments

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 primarily from a geographical perspective. The following reportable segments have been identified:

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

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

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

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

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

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

Notes to the consolidated financial statements
for the half-year ended 31 March 2016

Note 2. Segment information

Six months to 31 March 2016	Australia and New Zealand $'000	The Americas $'000	Digital $'000	International Class III $'000	Consolidated $'000
Revenue - continuing operations					
Revenues from external customers	213,245	605,046	130,762	60,739	1,009,792
Segment revenue	213,245	605,046	130,762	60,739	1,009,792
Segment result	90,709	280,500	50,674	22,980	444,863
Interest revenue					4,999
Finance costs					(50,306)
Design and development costs					(107,747)
Amortisation of acquired intangibles					(38,773)
Other expenses					(24,485)
Profit before income tax expense					228,551
Income tax expense					(69,481)
Profit from continuing operations					159,070
Profit from discontinued operation					-
Profit for the half-year					159,070

Notes to the consolidated financial statements

for the half-year ended 31 March 2016

Note 2. Segment information

Six months to 31 March 2015	Australia and New Zealand $'000	The Americas $'000	Digital $'000	International Class III $'000	Consolidated $'000
Revenue - continuing operations					
Revenues from external customers	130,108	437,228	57,679	59,968	684,983
Segment revenue	130,108	437,228	57,679	59,968	684,983
Segment result - continuing operations	46,299	203,660	17,711	23,743	291,413
Interest revenue					4,247
Finance costs					(41,477)
Design and development costs					(84,294)
Acquisition related transaction, integration and restructuring costs					(24,263)
Amortisation of acquired intangibles					(32,348)
Other expenses					(7,649)
Profit before income tax expense					105,629
Income tax expense					(31,736)
Profit from continuing operations					73,893
Profit from discontinued operation					3,687
Profit for the half-year					**77,580**

Notes to the consolidated financial statements

for the half-year ended 31 March 2016

	Six months to 31 March 2016 $'000	Six months to 31 March 2015 $'000
Note 3. Profit for the half-year - from continuing operations		
(a) Revenue		
Sale of goods	**425,686**	296,650
Gaming operations, on-line and services	**584,106**	388,333
Total revenue	**1,009,792**	684,983
(b) Other income		
Interest	**4,999**	4,247
Foreign exchange gains	**-**	3,428
Gain on disposal of property, plant and equipment	**-**	13
Sundry income	**561**	1,304
Total other income	**5,560**	8,992
(c) Expenses		
(i) Depreciation and amortisation		
Depreciation and amortisation of property, plant and equipment		
- Buildings	**463**	390
- Plant and equipment	**51,106**	39,185
- Leasehold improvements	**2,161**	1,960
Total depreciation and amortisation of property, plant and equipment	**53,730**	41,535
Amortisation of intangible assets		
- Customer relationships and contracts	**22,657**	18,480
- Game names	**377**	307
- Computer technology and software	**15,557**	13,027
- Intellectual property and licences	**1,033**	1,212
- Capitalised development costs	**3,594**	1,962
Total amortisation of intangible assets	**43,218**	34,988
Total depreciation and amortisation	**96,948**	76,523
(ii) Employee benefits expense		
Total employee benefits expense	**191,256**	155,204
(iii) Lease payments		
Rental expense relating to operating lease		
- Minimum lease payments	**11,767**	10,336
(iv) General and administration costs		
General and administration expenses excluding significant expense items	**115,525**	80,497
Acquisition related transaction, integration and restructuring costs	**-**	24,263
Amortisation of acquired intangibles included in general and administration costs	**38,001**	29,844
Total general and administration costs	**153,526**	134,604
(v) Other significant items		
- Net foreign exchange loss/(gain)	**2,664**	(3,428)

	Six months to 31 March 2016 $'000	Six months to 31 March 2015 $'000

Note 4. Equity securities issued

Issues of ordinary shares during the half-year:		
Shares issued to share trust	-	24,932
Total equity securities issued during the half-year	-	24,932

Note 5. Dividends

Dividends provided for or paid during the half-year:		
- 9.0 cents, unfranked, per fully paid share, paid on 2 December 2015	57,293	-
- 8.0 cents, unfranked, per fully paid share, paid on 19 December 2014	-	50,401
Total dividends provided for or paid during the half-year	57,293	50,401
Dividends paid were satisfied as follows:		
Paid in cash	57,293	50,401
Total dividends paid during the half-year	57,293	50,401

Dividends not recognised at the end of the period

Since the end of the half-year the directors have recommended the payment of an interim dividend of 10.0 cents (2015 - 8.0 cents) per fully paid ordinary share, unfranked. The aggregate amount of the proposed interim dividend expected to be paid on 1 July 2016, but not recognised as a liability at the end of the half-year is:	63,712	50,706

Dividend Reinvestment Plan (DRP)

The Aristocrat Leisure Limited Dividend Reinvestment Plan (DRP) will not operate in respect of the 2016 interim dividend.

	Consolidated	
	Six months to 31 March 2016	Six months to 31 March 2015

Note 6. Earnings per share

	Cents	Cents
Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	**25.0**	12.0
From discontinued operations	**-**	0.3
Total basic earnings per share attributable to the ordinary equity holders of the Company	**25.0**	12.3
Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	**25.0**	11.9
From discontinued operations	**-**	0.3
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**25.0**	12.2

	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**636,034,069**	631,147,316
Effect of Performance Share Rights	**1,425,427**	4,018,424
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**637,459,496**	635,165,740

	$'000	$'000
Reconciliation of earnings used in calculating basic and diluted earnings per share		
Net profit attributable to members of Aristocrat Leisure Limited		
From continuing operations	**159,070**	73,893
From discontinued operations	**-**	3,687
Earnings used in calculating basic and diluted earnings per share	**159,070**	77,580

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 to the extent that they are dilutive. The rights have not been included in the determination of basic earnings per share.

(b) Share-based payments trust

Shares purchased on-market and shares issued to 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. At the end of the reporting period, there were 470,857 shares held in the share trust. During the period 3,103,929 shares were allocated to employees in relation to the rights that vested.

Note 7. Borrowings

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

The bank loan facility arrangements are structured as follows:
- US$1,220 million fully underwritten US Term Loan B debt facility maturing 20 October 2021.
- A$100 million 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 at a floating rate with a 1% LIBOR floor 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.

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

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

	31 March 2016 $'000	31 March 2015 $'000
Floating rate		
- Expiring within one year (bank overdrafts, loans and other facilities)	**7,608**	5,011
- Expiring beyond one year	**100,000**	100,000
	107,608	105,011

Note 8. Fair value measurement of financial instruments

(a) 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 underneath the table.

Group as at 31 March 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Derivatives used for hedging	-	6,412	-	6,412
Total assets	-	6,412	-	6,412
Liabilities				
Interest rate swap contracts	-	12,285	-	12,285
Total liabilities	-	12,285	-	12,285

Group as at 30 September 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Interest rate swap contracts	-	8,212	-	8,212
Derivatives used for hedging	-	331	-	331
Contingent consideration	-	-	17,142	17,142
Total liabilities	-	8,543	17,142	25,685

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: 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. These instruments are included in Level 1. The Group did not have any Level 1 financial instruments at the end of the current and prior reporting periods.

Level 2: 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 which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

(b) Valuation techniques used to derive level 2 and level 3 fair values

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date. Both derivatives used for hedging and foreign exchange contracts are included in Level 2.

The fair value of contingent consideration related to Product Madness was determined using probability weighted payments discounted to present value. As the contingent consideration liability was calculated based on unobservable inputs, it was included in Level 3. The unobservable inputs included revenue and EBITDA forecasts.

Notes to the consolidated financial statements

for the half-year ended 31 March 2016

Note 8. Fair value measurement of financial instruments continued

(c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the half-year ended 31 March 2016.

	Contingent consideration liability $'000
Opening balance - 1 October 2015	17,142
Payments made during the period	(16,733)
Adjustments to fair value of liability recognised in other income	(97)
Foreign exchange movements	(312)
Closing balance - 31 March 2016	-

The adjustment to fair value included in other income relates to liabilities no longer held at 31 March 2016.

(i) Transfers between level 2 and 3 and changes in valuation techniques

There were no transfers between levels of the fair value hierarchy in the six months ended 31 March 2016. There were no changes to valuation techniques applied as at 30 September 2015.

(ii) Valuation inputs and relationships to fair value

The amounts payable for the contingent consideration liability were based on tiered earn-out bands payable to the former owners. Amounts recorded were weighted towards the upper earn-out bands.

(iii) Valuation processes

The valuation process for the contingent consideration liability used forecasts developed by finance team members of the Product Madness entities as an input into the valuations. The forecasts were reviewed by group finance team members, including the chief financial officer (CFO), with fair value estimates made following this review that incorporate discounting to present value and probability weighting of earn-out outcomes. Discussions of the results of the valuation processes between the CFO and Audit Committee were held annually, in line with the Group's full year reporting dates. The contingent consideration liability has now been fully paid.

(d) Fair values of other financial instruments

The Group also has a number of other financial instruments which are not measured at fair value in the statement of financial position. The carrying value of these financial instruments approximates their fair value.

Note 9. Discontinued operations

(a) Discontinued operations in the prior reporting period

(i) Description

On 29 May 2015, the Group sold the subsidiaries K.K Aristocrat Technologies and K.K Spiky with the results reported in the financial statements for the year ended 30 September 2015 as a discontinued operation.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below. For further information about the discontinued operation please refer to Note 36 in the Group's annual financial statements for the year ended 30 September 2015.

(ii) Financial performance

	Six months to 31 March 2016 $'000	Six months to 31 March 2015 $'000
Revenue	-	17,341
Impairment reversal	-	6,157
Expenses	-	(23,384)
Profit before income tax	-	114
Income tax benefit	-	1,816
Profit after income tax of discontinued operation	-	1,930

(iii) Cash flow information

Net cash inflow from operating activities	-	2,640
Net cash inflow from investing activities	-	(1,507)
Net cash outflow from financing activities	-	(17)
Net cash increase generated by the discontinued operation	-	1,116

During the year ended 30 September 2014, the Group sold Aristocrat Lotteries AB and Aristocrat Lotteries Italia S.r.L, together with related intellectual property assets with the results reported in the financial statements for the year ended 30 September 2014 as a discontinued operation. The result from the year ended 30 September 2015 represents a purchase price adjustment following the sale. For further information about the discontinued operation please refer to Note 36 in the Group's annual financial statements for the year ended 30 September 2015 and Note 35 in the Group's annual financial statements for the year ended 30 September 2014.

(b) Reconciliation to consolidated statement of comprehensive income

	Six months to 31 March 2016 $'000	Six months to 31 March 2015 $'000
Profit from discontinued operations - K.K Aristocrat Technologies and K.K Spiky	-	1,930
Profit from discontinued operations Aristocrat Lotteries AB and Aristocrat Lotteries Italia S.r.L	-	1,757
Profit from discontinued operations	-	3,687

Note 10. Disposal group classified as held for sale

In August 2015, the Group decided to sell the subsidiary Aristocrat Technologies Africa (Pty) Ltd to align the Group's strategic objectives to achieve Broad Based Black Economic Empowerment specifications. The sale was completed on 30 April 2016. Following the sale completion, Aristocrat now sell into South Africa using a distributor.

The following assets and liabilities were reclassified as held for sale in relation to the disposal group as at 31 March 2016 and 30 September 2015:

	31 March 2016 $'000	30 September 2015 $'000
Current assets held for sale		
Cash and cash equivalents	4,182	3,694
Trade and other receivables	3,861	9,157
Inventories	3,179	1,764
Non current assets held for sale		
Trade and other receivables	23	26
Property, plant and equipment	152	49
Deferred tax assets	551	151
Intangible assets	397	468
Total assets of disposal group held for sale	12,345	15,309
Current liabilities directly associated with assets classified as held for sale		
Trade and other payables	208	1,232
Current tax liabilities	-	(517)
Provisions	187	193
Total liabilities of disposal group held for sale	395	908

Note 11. Net tangible assets per share

	31 March 2016	31 March 2015
Net tangible assets per share	**($1.24)**	($1.62)

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 2016 were $1.50 (2015: $1.24).

Note 12. Contingent liabilities

The Group had contingent liabilities at 31 March 2016 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; and

(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.

Note 13. Events occurring after reporting date

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

Refer to Note 5 for information regarding dividends declared after the reporting date and Note 10 for information regarding the disposal group classified as held for sale.

Directors' declaration

for the half-year ended 31 March 2016

In the directors' opinion:

(a) the financial statements and notes set out on pages 3 to 19 are in accordance with the *Corporations Act 2001* including:

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

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 March 2016 and of its performance, for the half-year ended on that date; and

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

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

Dr ID Blackburne
Chairman

Sydney
Date: 26 May 2016

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 consolidated statement of financial position as at 31 March 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Aristocrat Leisure Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 2016 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*.

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

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 2016 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

MGraham

Matt Graham
Partner

Sydney
26 May 2016

Scott Walsh
Partner

Sydney
26 May 2016

Directors' report
for the 6 months ended 31 March 2016
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 2016. 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 2015 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 26 May 2016.

Directors

The directors of the Company during the six months under review and up to the date of this report, unless otherwise stated, are:

ID Blackburne (Non-Executive Chairman)
JR Odell (Managing Director and Chief Executive Officer)
DCP Banks (Non-Executive Director)
KM Conlon (Non-Executive Director)
RA Davis (Non-Executive Director)
RV Dubs (Non-Executive Director)
SW Morro (Non-Executive Director)

Review and results of operations

A review of the operations of the Consolidated Entity for the half-year ended 31 March 2016 is set out in the attached Review of Operations which forms part of this Directors' Report. The reported result of the Consolidated Entity attributable to shareholders for the half-year ended 31 March 2016 was a profit of $159.1 million after tax (six months to 31 March 2015: $77.6 million).

Auditor's Independence Declaration

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

Rounding of amounts to nearest thousand dollars

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

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

ID Blackburne
Chairman
26 May 2016

Auditor's Independence Declaration

As lead auditor for the review of Aristocrat Leisure Limited for the half-year ended 31 March 2016, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

2. 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.

Matt Graham
Partner
PricewaterhouseCoopers

Sydney
26 May 2016

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