ARISTOCRAT LEISURE LIMITED

A.B.N. 44 002 818 368

APPENDIX 4D

Half-Year Report

Half-year ended: 30 June 2010

Previous corresponding period: 30 June 2009

Results for announcement to the market

Statutory results				**June 2010 $'000**
Revenue from ordinary activities	down	-22.9%	to	340,513
Profit from ordinary activities after tax	up	249.5%	to	49,536
Profit for the period attributable to members	up	247.6%	to	49,257
Earnings before interest and tax	up	578.9%	to	62,273
Operating cash flow	up	9.5%	to	77,418

Dividends

	Amount per security	**Franked amount per security**	**Record date for determining entitlements**
Current year – 2010:			
- Interim dividend	3.5c	0.0c	9 September 2010
Previous year – 2009:			
- Interim dividend	4.5c	4.5c	8 September 2009
- Final dividend	Nil	Nil	N/A

Dividend Reinvestment Plan (DRP)

The directors have determined that the Aristocrat Leisure Limited Dividend Reinvestment Plan will remain active in respect of the 2010 interim dividend (for shareholders resident in Australia and New Zealand). The DRP participants will be issued shares which will rank equally with existing shares on issue. In accordance with the DRP rules, the DRP issue price will be calculated by reference to the arithmetic average of the daily VWAPs over a period of five days commencing on 10 September 2010. No discount is applicable, however the number of ordinary shares DRP participants will receive will be rounded up to the nearest share.

Any shareholder who wishes to participate in the DRP or to change their current application in the DRP must lodge an application or variation notice on or before 5.00pm on 9 September 2010 to the Company's share registry, Registries Limited.

Net tangible assets

	June 2010	**June 2009**
Net tangible assets per security	$ 0.15	$ 0.35

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

Aristocrat

Financial statements for the half-year ended 30 June 2010

These financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2009 and any public announcements made by Aristocrat Leisure Limited during the reporting period and up to the date of these financial statements, in accordance with the continuous disclosure requirements of the *Corporations Act* 2001.

Aristocrat Leisure Limited ABN 44 002 818 368

Contents

Consolidated statement of comprehensive income

for the half-year ended 30 June 2010

	Notes	Half-year 2010 $'000	2009 $'000
Revenue	4	**340,513**	441,686
Cost of revenue		**(150,387)**	(209,943)
Gross profit		**190,126**	231,743
Other income	4	**17,208**	15,783
Design and development costs		**(54,895)**	(59,849)
Sales and marketing costs		**(35,528)**	(44,034)
General and administration costs		**(50,840)**	(152,986)
Finance costs		**(4,400)**	(11,643)
Share of net losses of jointly controlled entity		**(616)**	(1,984)
Profit/(loss) before income tax expense		**61,055**	(22,970)
Income tax expense		**(11,519)**	(10,170)
Profit/(loss) after income tax expense		**49,536**	(33,140)
Other comprehensive income			
Exchange difference on translation of foreign operations		**10,499**	(43,925)
Changes in fair value of available-for-sale financial assets		**179**	-
Other comprehensive income for the half-year, net of tax		**10,678**	(43,925)
Total comprehensive income for the half-year		**60,214**	(77,065)
Profit/(loss) is attributable to:			
Members of Aristocrat Leisure Limited		**49,257**	(33,377)
Non-controlling interest		**279**	237
		49,536	(33,140)
Total comprehensive income is attributable to:			
Members of Aristocrat Leisure Limited		**59,935**	(77,302)
Non-controlling interest		**279**	237
		60,214	(77,065)
Earnings per share for profit attributable to the ordinary equity holders of the Company		**Cents**	Cents
Basic earnings/(loss) per share	8	**9.3**	(7.0)
Diluted earnings/(loss) per share	8	**9.2**	(7.0)

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

Non-statutory measure:

Normalised profit (as explained in Note 2) is presented below to assist users of the financial statements to understand Aristocrat's business results and reconciles with reported results as follows:

	Before Tax 2010 $'000	Before Tax 2009 $'000	After Tax 2010 $'000	After Tax 2009 $'000
Normalised profit (before non-controlling interest)	**48,328**	59,649	**36,809**	44,155
Significant items of income/(expense):				
Disposal of investment in jointly controlled entity	**12,727**	-	**12,727**	-
Property sales	**-**	8,827	**-**	8,827
Impairment of multi-terminal gaming businesses	**-**	(83,106)	**-**	(79,887)
Intellectual property settlement	**-**	(4,314)	**-**	(3,256)
Restructuring costs	**-**	(4,026)	**-**	(2,979)
Reported profit/(loss)	**61,055**	(22,970)	**49,536**	(33,140)

Consolidated statement of financial position

as at 30 June 2010

	30 June 2010 $'000	31 December 2009 $'000
CURRENT ASSETS		
Cash and cash equivalents	**44,818**	59,045
Trade and other receivables	**229,667**	253,347
Inventories	**77,968**	66,093
Financial assets	**21,200**	7,600
Other assets	**13,439**	8,515
Tax assets	**2,552**	1,095
Total current assets	**389,644**	395,695
NON-CURRENT ASSETS		
Trade and other receivables	**44,811**	41,179
Financial assets	**11,953**	15,680
Property, plant and equipment	**116,692**	120,459
Deferred tax assets	**119,778**	116,548
Intangible assets	**135,459**	118,547
Total non-current assets	**428,693**	412,413
Total assets	**818,337**	808,108
CURRENT LIABILITIES		
Trade and other payables	**112,183**	162,835
Borrowings	**-**	7,245
Provisions	**296,929**	283,449
Other liabilities	**50,177**	32,293
Total current liabilities	**459,289**	485,822
NON-CURRENT LIABILITIES		
Trade and other payables	**149**	159
Borrowings	**93,864**	127,104
Provisions	**20,885**	18,632
Other liabilities	**28,951**	22,530
Total non-current liabilities	**143,849**	168,425
Total liabilities	**603,138**	654,247
Net assets	**215,199**	153,861
EQUITY		
Contributed equity	**185,320**	185,320
Reserves	**(80,285)**	(92,013)
Retained earnings	**110,755**	61,498
Capital and reserves attributable to equity holders	**215,790**	154,805
Non-controlling interest	**(591)**	(944)
Total equity	**215,199**	153,861

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

Consolidated statement of changes in equity

for the half year ended 30 June 2010

	Attributable to owners of Aristocrat Leisure Limited					
Consolidated	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 January 2009	**(67,298)**	**(28,762)**	**288,505**	**192,445**	**(16)**	**192,429**
Total comprehensive income for the half-year	**-**	**(43,925)**	**(33,377)**	**(77,302)**	**237**	**(77,065)**
Transactions with equity holders in their capacity as equity holders:						
Contributions of equity, net of transaction costs and tax	236,657	-	-	236,657	-	236,657
Shares issued under dividend reinvestment plan (excluding transaction costs)	9,194	-	-	9,194	-	9,194
Net movement in share-based payments reserve	-	280	(13)	267	-	267
Issues from the Trust to satisfy vested shares	-	1,363	-	1,363	-	1,363
Tax credit recognised directly in equity	1,389	-	-	1,389	-	1,389
Dividends provided for and paid	-	-	(45,533)	(45,533)	-	(45,533)
Dividends paid to non-controlling shareholder	-	-	-	-	(1,642)	(1,642)
Net movement in reserves attributable to non-controlling interest	-	-	-	-	62	62
	247,240	1,643	(45,546)	203,337	(1,580)	201,757
Balance at 30 June 2009	**179,942**	**(71,044)**	**209,582**	**318,480**	**(1,359)**	**317,121**
Balance at 1 January 2010	185,320	(92,013)	61,498	154,805	(944)	153,861
Total comprehensive income for the half-year	**-**	**10,678**	**49,257**	**59,935**	**279**	**60,214**
Transactions with equity holders in their capacity as equity holders:						
Net movement in share-based payments reserve	-	1,050	-	1,050	-	1,050
Net movement in reserves attributable to non-controlling interest	-	-	-	-	74	74
	-	1,050	-	1,050	74	1,124
Balance at 30 June 2010	**185,320**	**(80,285)**	**110,755**	**215,790**	**(591)**	**215,199**

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

Consolidated statement of cash flows

for the half-year ended 30 June 2010

	Note	Half-year 2010 $'000	2009 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**434,233**	564,791
Payments to suppliers and employees (inclusive of goods and services tax)		**(342,683)**	(485,995)
		91,550	78,796
Other income		**865**	1,348
Interest received		**3,164**	1,722
Interest paid		**(4,290)**	(11,490)
Income taxes (paid)/refunded		**(13,871)**	294
Net cash inflow from operating activities		**77,418**	70,670
Cash flows from investing activities			
Payments for property, plant and equipment		**(35,648)**	(34,053)
Payments for intangibles		**(11,692)**	(1,734)
Loan repayments from non-related parties		**-**	1,297
Proceeds from sale of property, plant and equipment		**159**	22,230
Net cash outflow from investing activities		**(47,181)**	(12,260)
Cash flows from financing activities			
Proceeds from issue of shares (inclusive of transaction costs)		**-**	236,657
Repayment of borrowings		**(46,735)**	(279,568)
Dividends paid to company's shareholders	5	**-**	(45,401)
Dividend paid to non-controlling shareholder		**-**	(1,642)
Net cash outflow from financing activities		**(46,735)**	(89,954)
Net decrease in cash and cash equivalents held		**(16,498)**	(31,544)
Cash and cash equivalents at the beginning of the half-year		**59,045**	106,243
Effects of exchange rate changes on cash and cash equivalents		**2,271**	(10,552)
Cash and cash equivalents at the end of the half-year		**44,818**	64,147

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

Notes to the consolidated financial statements

for the half-year ended 30 June 2010

Note 1. Basis of preparation of half-year report

This general purpose financial report for the half-year reporting period ended 30 June 2010 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act* 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this financial report is to be read in conjunction with the annual report for the year ended 31 December 2009 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.

Note 2. Significant accounting policies

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

Impact of standards issued but not yet applied by the group

In December 2009, the AASB issued AASB 9 *Financial Instruments* which addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess its full impact. However, initial indications are that it may affect the Group's accounting for its available for sale financial assets. The Group has not yet decided when to adopt AASB 9.

The AASB has issued Interpretation 19 to clarify the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying value of the financial liability and the fair value of the equity instruments issued. The Group will apply the interpretation from 1 January 2011. It is not expected to have any impact on the Group or the parent entity's financial statements since it is only retrospectively applied from the beginning of the earliest period presented 1 January 2010 and the Group has not entered into any debt for equity swaps since that date.

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Aristocrat Leisure Limited is listed on the ASX and is therefore not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. As a consequence, the revised reporting framework will have no impact on the financial statements of the entity.

Significant items and normalised profit

To assist users of the financial statements in understanding the Group's business results, Aristocrat discloses Normalised Profit (before and after tax) as a footnote to its Statement of Comprehensive Income.

Normalised profit (before and after tax) is statutory profit (before and after tax), excluding the impact of significant items. Significant items are items of income or expense which are, either individually or in aggregate, material to Aristocrat and:
- outside the ordinary course of business; or
- part of the ordinary activities of the business but unusual due to their size and nature.

Note 3. Segment information

Description of segments

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

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

Note 3. Segment information (continued)

Segment accounting policies are consistent with those of the consolidated financial statements. Segment result is measured on the basis of segment profit before tax, design and development expenditure, charges for licence fees and advanced pricing agreements, and impairment of intangibles and other non-trading assets.

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

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

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

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

Note 3. Segment information

Half-year 2010	Australia $'000	North America $'000	Japan $'000	Rest of world $'000	Consolidated $'000
Revenues from external customers	69,625	181,277	8,281	81,330	340,513
Consolidated revenue					**340,513**
Segment result	11,814	76,252	(2,465)	27,563	113,164
Interest revenue					3,182
Interest expense					(4,400)
Design and development expenditure					(54,895)
Foreign exchange gains/(losses)					(469)
Share of loss in jointly controlled entity					(616)
Gain on disposal of jointly controlled entity					12,727
Other					(7,638)
Consolidated profit before tax					**61,055**
Segment assets	487,995	253,292	125,386	200,662	1,067,335
Elimination of investments in subsidiaries					(244,362)
Other unallocated amounts					(4,636)
Consolidated assets					**818,337**
Segment liabilities	369,188	186,532	22,169	25,249	603,138
Consolidated liabilities					**603,138**

Notes to the consolidated financial statements
for the half-year ended 30 June 2010

Note 3. Segment information

Half-year 2009	Australia $'000	North America $'000	Japan $'000	Rest of world $'000	Consolidated $'000
Revenues from external customers	89,539	227,703	21,119	103,325	441,686
Consolidated revenue					**441,686**
Segment result	21,803	86,507	(4,466)	33,769	137,613
Interest revenue					1,676
Interest expense					(11,643)
Design and development expenditure					(59,849)
Foreign exchange gains/(losses)					3,362
Share of loss in jointly controlled entity					(1,984)
Impairment of multi-terminal gaming businesses					(83,106)
Other					(9,039)
Consolidated loss before tax					**(22,970)**
Segment assets	390,412	260,792	130,890	184,219	966,313
Investments in equity accounted investees					10,000
Elimination of investments in subsidiaries					(248,022)
Other unallocated amounts					(4,202)
Consolidated assets					**724,089**
Segment liabilities	87,795	249,143	39,618	30,412	406,968
Consolidated liabilities					**406,968**

Notes to the consolidated financial statements

for the half-year ended 30 June 2010

Note 4. Profit/(loss) for the half-year

	Half-year 2010 $'000	Half-year 2009 $'000
(a) Revenue		
Sale of goods	**223,269**	304,079
Gaming operations and services	**117,244**	137,607
	340,513	441,686
(b) Other income		
Interest	**3,182**	1,676
Foreign currency translation gains	**304**	3,834
Gain on disposal of investment in jointly controlled entity	**12,727**	-
Gain on disposal of property, plant and equipment	**130**	8,925
Sundry income	**865**	1,348
Total other income	**17,208**	15,783
(c) Expenses		
(i) Depreciation and amortisation		
Depreciation and amortisation of property, plant and equipment		
- Buildings	**275**	394
- Plant and equipment	**13,441**	18,678
- Leasehold improvements	**1,567**	1,558
Total depreciation and amortisation of property, plant and equipment	**15,283**	20,630
Amortisation of intangible assets		
- Computer technology	**3,257**	3,295
Total amortisation of intangible assets	**3,257**	3,295
Total depreciation and amortisation	**18,540**	23,925
(ii) Employee benefits expense		
Total employee benefits expense	**97,595**	112,860
(iii) Other significant items		
Charges against assets		
- Impairment losses - trade receivables	**83**	1,090
- Write down of inventories to net realisable value	**445**	10,207
Legal costs	**2,805**	8,198
Legal settlements	**525**	4,314
Impairment of multi-terminal gaming businesses	**-**	83,106
(iv) Rental expense relating to operating leases		
- Minimum lease payments	**8,681**	9,869
(d) Net foreign exchange (loss)/gain		
Foreign exchange gain	**304**	3,834
Foreign exchange loss	**(773)**	(472)
Net foreign exchange (loss)/gain	**(469)**	3,362

	Half-year 2010 $'000	Half-year 2009 $'000

Note 5. Dividends

	2010 $'000	2009 $'000
Dividends provided for or paid during the half-year:		
- 2008 - 10.0 cents, franked, per fully paid share, paid on 31 March 2009	-	45,533
- 2008 - 2.0 cents, unfranked, per fully paid share, paid on 5 January 2009	-	9,062
Total dividends provided for or paid during the half-year	-	54,595
Dividends paid were satisfied as follows:		
Paid in cash	-	45,401
Paid through the dividend reinvestment plan	-	9,194
Total dividends paid during the half-year	-	54,595

Dividends not recognised at the end of the period

	2010 $'000	2009 $'000
Since the end of the half-year the directors have recommended the payment of an interim dividend of 3.5 cents (2009 - 4.5 cents) per fully paid ordinary share, unfranked (2009: fully franked). The aggregate amount of the proposed interim dividend expected to be paid on 30 September 2010, but not recognised as a liability at the end of the half-year is:	18,668	23,948

Dividend Reinvestment Plan (DRP)

The directors have determined that the Aristocrat Leisure Limited Dividend Reinvestment Plan (DRP) will remain active in respect of the 2010 interim dividend (for shareholders resident in Australia and New Zealand). The DRP participants will be issued shares which will rank equally with existing shares on issue. In accordance with the DRP rules, the DRP issue price will be calculated by reference to the arithmetic average of the daily volume weighted average prices over a period of five days commencing on 10 September 2010. No discount is applicable, however the number of ordinary shares DRP participants will receive will be rounded up to the nearest share.

Any shareholder who wishes to participate in the DRP or to change their current application in the DRP must lodge an application or variation notice on or before 5.00pm on 9 September 2010 to the Company's share registry, Registries Limited.

Note 6. Equity securities issued

	Half-year 2010 Shares	Half-year 2009 Shares	Half-year 2010 $'000	Half-year 2009 $'000
Issues of ordinary shares during the half-year				
Shares issued under dividend reinvestment plan (excluding transaction costs)	-	2,580,850	-	9,194
Shares issued under capital raising (excluding transaction costs)	-	74,259,350	-	241,340
Less:				
Transaction costs arising on share issue	-	-	-	(4,683)
Tax credit recognised directly in equity	-	-	-	1,389
Total equity securities issued during the half-year	-	76,840,200	-	247,240

Note 7. Events occurring after reporting date

Refer to Note 9 for information on the litigation related to the convertible subordinated bonds.

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.

Note 8. Earnings per share

	Half-year 2010 Cents	Half-year 2009 Cents
Basic earnings/(loss) per share	**9.3**	(7.0)
Diluted earnings/(loss) per share	**9.2**	(7.0)

	Half-year 2010 Number	Half-year 2009 Number
Weighted average number of ordinary shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**531,668,978**	480,228,229
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**531,668,978**	480,228,229
Effect of Performance Share Rights	**1,450,092**	903,116
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**533,119,070**	481,131,345

	Half-year 2010 $'000	Half-year 2009 $'000
Reconciliation of earnings used in calculating diluted earnings per share		
Net profit/(loss)	**49,257**	(33,377)
Earnings used in calculating diluted earnings per share	**49,257**	(33,377)

Note 8. Earnings per share (continued)

Information concerning the classification of securities

(a) Options

Options granted to employees under the Employee Share Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. The options have not been included in the determination of basic earnings per share. The outstanding share options on issue were not considered to be potential ordinary shares in the half-year to 30 June 2009 as they were anti-dilutive due to the loss for the period.

(b) Performance Share Rights

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

The outstanding share rights on issue were not considered to be potential ordinary shares in the half-year to 30 June 2009 as they were anti-dilutive due to the loss for the period.

(c) Share-based payments trust

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

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

Note 9. Contingent liabilities

The Group had contingent liabilities at 30 June 2010 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 Company and or its controlled entities;

(ii) controlled entities within the Group 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 not likely to have a material adverse effect on the Group;

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

(iv) the Company has entered into a Deed of Cross Guarantee with certain wholly owned entities, whereby the liabilities of those entities are guaranteed;

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

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

(vii) the Group has been engaged in litigation since 2004 relating to US$130 million of 5% convertible subordinated bonds.

Previously, the US District Court had found that the Group was in breach of the indenture governing the bonds.

In April 2009, the US District Court reaffirmed its previous finding and determined that the Group was liable to the bondholders for general damages for breach of the indenture in a final amount yet to be determined. The US District Court also determined that statutory interest of 9% would apply to damages which stems from its findings that the Group breached the indenture.

In addition, the US District Court directed that there should be a jury trial in October 2009 to determine what, if any, consequential damages should be payable by the Group. The verdict in that trial went against the Group, the effect of this being that the bondholders will be permitted to recover consequential damages in a final amount to be determined by the US District Court in final judgements.

For the year ended 31 December 2009, the Group recognised a provision of US$240 million (before tax) which was based on the bondholder's estimate of the total damages liability associated with this matter, and the Group's calculation of interest to 30 April 2010. The Group has continued to incur interest from 1 May 2010 and will continue to incur interest until the US District Court enters its final judgements.

Note 9. Contingent liabilities (continued)

In July 2010 the US District Court ruled that the total damages amount should be reduced by approximately US$18 million. Among other things, the US District Court has directed the parties to submit joint revised proposals for final judgements which reflect its rulings and the method of calculating damages. These submissions were required by 18 August 2010 and have been extended to 24 August 2010.

While the Convertible Bonds litigation provision is the Group's current best estimate of the liability associated with this matter, the US District Court has not made a final decision on damages. As at the date of this report, it is not possible to determine when final judgements will be entered.

Note 10. Borrowings

In June 2010, the Group refinanced its existing $585 million Syndicated term loan facility. The total amount available under the facility was reduced from $585 million to $500 million. The facility which had been due to expire on 8 February 2011 now expires on 23 June 2013. These facilities are in addition to Facility A noted below. The loans recognised are floating rate, multi currency loans which are carried at amortised cost.

Available loan facilities

Following the refinancing of the above facilities, the loan facilities in place at 30 June 2010 are as follows:

Facility A - $197,440,000 tranche maturing 5 February 2011. The facility is reviewed annually with extension by mutual agreement.

Facility B - $470,000,000 tranche maturing 23 June 2013.

Facility C - $30,000,000 tranche maturing 23 June 2013.

The term facilities (Facilities B and C) totalling $500 million were executed on 23 June 2010, and are secured by a negative pledge that imposes certain financial covenants. The Group was in compliance with the imposed covenants at balance date.

Refer to undrawn borrowing facilities below for details of bank overdraft and other facilities that are in addition to the facilities noted above.

Undrawn borrowing facilities

The Group's undrawn borrowing facilities were as follows:

	30 June 2010 $'000	31 December 2009 $'000
Floating rate		
- Expiring within one year (bank overdrafts, loans and other facilities)	**244,543**	**367,703**
- Expiring beyond one year	**406,136**	**458,016**
	650,679	**825,719**

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

(ii) Other facilities relate to the Japanese uncommitted borrowing facilities (JPY 3.0bn) which are subject to annual review.

Note 11. Provisions

Included in current provisions is an amount of US$240 million in relation to litigation for convertible subordinated bonds. See note 9 under contingent liabilities for further information.

Note 12. Investment in jointly controlled entity

On 29 June 2010, the Group signed a contract to dispose of its investment in a jointly controlled entity, Elektronček d.d. In accordance with the contract, the Group ceased to have exposure to the profits or losses made by Elektronček d.d from that date. The transfer of the Group's interest in Elektronček d.d is subject to regulatory approval.

Financial information relating to the jointly controlled entity for the period to the date of disposal is set out below.

(i) Financial performance

	Half-year	
	2010	2009
	$'000	$'000
Gain on disposal of investment in jointly controlled entity	**12,727**	-
General and administration costs	**-**	(70,582)
Share of net losses of jointly controlled entity	**(616)**	(1,984)
Profit/(loss) from investment in jointly controlled entity	**12,111**	(72,566)

(ii) Details of the sale of investment in the jointly controlled entity

Consideration receivable:		
Cash	**17,195**	-
Carrying amount of investment sold	**(4,387)**	-
Selling costs	**(81)**	-
Gain on sale before income tax	**12,727**	-
Income tax expense	-	-
Gain on sale after income tax	**12,727**	-

The carrying amount of the investment sold at the date of sale was:

Investment in jointly controlled entity	**4,387**	-

Directors' declaration

for the half-year ended 30 June 2010

In the directors' opinion:

(a) the financial statements and notes set out on pages 4 to 17 are in accordance with the *Corporations Act 2001* including:

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

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 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.

DJ Simpson
Chairman

Sydney
Date: 24 August 2010

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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 statements of Aristocrat Leisure Limited, which comprise the consolidated statement of financial position as at 30 June 2010, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Aristocrat Leisure Limited Group (the consolidated entity). The consolidated entity comprises both Aristocrat Leisure Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Aristocrat Leisure Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

Our review did not involve an analysis of the prudence of business decisions made by directors or

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

management.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of Aristocrat Leisure Limited for the half-year ended 30 June 2010 included on Aristocrat Leisure Limited web site. The company's directors are responsible for the integrity of the Aristocrat Leisure Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Independence

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the half-year ended on that date; and

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

PricewaterhouseCoopers

PricewaterhouseCoopers

S. Hump

Stephen Humphries
Partner

Sydney
24 August 2010