

Appendix 4B

Half yearly/preliminary final report

Introduced 30/6/2002.

Name of entity

ARISTOCRAT LEISURE LIMITED

ABN or equivalent company reference

44 002 818 368

Half yearly
(tick)

Preliminary
final (tick)

Financial year ended ('current period')

31 December 2002

For announcement to the market

Extracts from this report for announcement to the market (see note 1).

\$A'000

Revenues from ordinary activities (item 1.1)	Up	25.5%	to	976,462
Profit from ordinary activities after tax attributable to members (item 1.22)	Down	6.8%	to	80,203
Profit (loss) from extraordinary items after tax attributable to members (item 2.5(d))				Nil
Net profit for the period attributable to members (item 1.11)	Down	6.8%	to	80,203
Dividends (distributions)		Amount per security		Franked amount per security
Final dividend (Preliminary final report only - item 15.4) Interim dividend (Half yearly report only - item 15.6)		6.5¢		6.5¢
Previous corresponding period (Preliminary final report - item 15.5; half yearly report - item 15.7)		7.5¢		7.5¢

⁺Record date for determining entitlements to the dividend,
(in the case of a trust, distribution) (see item 15.2)

4 March 2003

Brief explanation of any of the figures reported above (see Note 1) and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

Refer to Directors' Report and Annual Report.

If this is a half yearly report it is to be read in conjunction with the most recent annual financial report.

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial performance

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenues from ordinary activities (<i>see items 1.23 -1.25</i>)	976,462	778,033
1.2 Expenses from ordinary activities (<i>see items 1.26 & 1.27</i>)	836,300	640,028
1.3 Borrowing costs	19,919	10,172
1.4 Share of net profits (losses) of associates and joint venture entities (<i>see item 16.7</i>)	-	-
1.5 Profit from ordinary activities before tax	120,243	127,833
1.6 Income tax on ordinary activities (<i>see note 4</i>)	40,148	41,580
1.7 Profit from ordinary activities after tax	80,095	86,253
1.8 Profit (loss) from extraordinary items after tax (<i>see item 2.5</i>)	-	-
1.9 Net profit	80,095	86,253
1.10 Net (profit)/loss attributable to outside ⁺ equity interests	108	(241)
1.11 Net profit for the period attributable to members	80,203	86,012
Non-owner transaction changes in equity		
1.12 Increase (decrease) in revaluation reserves	-	287
1.13 Net exchange differences recognised in equity	8,531	132
1.14 Other revenue, expense and initial adjustments recognised directly in equity (attach details)		
Initial adjustments from UIG transitional provisions	-	-
1.15	-	-
1.16 Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15)	8,531	419
1.17 Total changes in equity not resulting from transactions with owners as owners	88,734	86,431

	Current period	Previous corresponding Period
Earnings per security (EPS)		
1.18 Basic EPS	17.7¢	19.6 ¢
1.19 Diluted EPS	17.6¢	19.1 ¢

+ See chapter 19 for defined terms.

Notes to the condensed consolidated statement of financial performance

Profit (loss) from ordinary activities attributable to members

	Current period – \$A'000	Previous corresponding period - \$A'000
1.20 Profit from ordinary activities after tax (<i>item 1.7</i>)	80,095	86,253
1.21 Less (plus) outside ⁺ equity interests	(108)	241
1.22 Profit from ordinary activities after tax, attributable to members	80,203	86,012

Revenue and expenses from ordinary activities

(see note 15)

	Current period – \$A'000	Previous corresponding period - \$A'000
1.23 Revenue from sales or services:		
Sale of goods	884,231	698,309
Services	85,239	68,501
1.24 Interest revenue	2,986	4,509
1.25 Other relevant revenue:		
Sale of non-current assets	2,077	1,618
Foreign currency translation gains	-	3,212
Other	1,929	1,884
1.26 Details of relevant expenses:		
Cost of sales	434,927	365,446
Borrowing costs	19,919	10,172
Research and development	65,029	54,946
Sales, marketing and distribution costs	221,669	132,248
General and administration (includes item 1.27 below)	114,675	87,388
1.27 Depreciation and amortisation excluding amortisation of intangibles (<i>see item 2.3</i>)	22,461	18,242
Capitalised outlays		
1.28 Interest costs capitalised in asset values	-	-
1.29 Outlays capitalised in intangibles (unless arising from an ⁺ acquisition of a business)	-	-

+ See chapter 19 for defined terms.

Consolidated retained profits

	Current period - \$A'000	Previous corresponding period - \$A'000
1.30 Retained profits at the beginning of the financial period	117,735	86,109
1.31 Net profit (loss) attributable to members (<i>item 1.11</i>)	80,203	86,012
1.32 Net transfers from (to) reserves (<i>details if material</i>)	-	-
1.33 Net effect of changes in accounting policies	-	-
1.34 Dividends and other equity distributions paid or payable	(54,731)	(54,386)
1.35 Retained profits at end of financial period	143,207	117,735

Intangible and extraordinary items

	<i>Consolidated - current period</i>			
	Before tax \$A'000 (a)	Related tax \$A'000 (b)	Related outside + equity interests \$A'000 (c)	Amount (after tax) attributable to members \$A'000 (d)
2.1 Amortisation of goodwill	13,798	-	-	13,798
2.2 Amortisation of other intangibles	597	(179)	-	418
2.3 Total amortisation of intangibles	14,395	(179)	-	14,216
2.4 Extraordinary items (details)	-	-	-	-
2.5 Total extraordinary items	-	-	-	-

Comparison of half year profits

(Preliminary final report only)

	Current year - \$A'000	Previous year - \$A'000
3.1 Consolidated profit from ordinary activities after tax attributable to members reported for the <i>1st</i> half year (item 1.22 in the half yearly report)	41,618	31,581
3.2 Consolidated profit from ordinary activities after tax attributable to members for the <i>2nd</i> half year	38,585	54,431

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial position		At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000
Current assets				
4.1	Cash	70,291	15,024	31,812
4.2	Receivables	338,648	302,059	303,555
4.3	Investments	-	-	-
4.4	Inventories	206,064	141,630	140,516
4.5	Tax assets	-	-	360
4.6	Investment securities	4,775	6,223	4,682
4.6	Intellectual property rights	24,728	-	-
4.7	Total current assets	644,506	464,936	480,925
Non-current assets				
4.8	Receivables	79,137	58,448	74,053
4.9	Investments (equity accounted)	-	-	-
4.10	Other investments			
4.11	Inventories	1,108	2,112	1,809
4.12	Exploration and evaluation expenditure capitalised (<i>see para .71 of AASB 1022</i>)	-	-	-
4.13	Development properties (+mining entities)	-	-	-
4.14	Other property, plant and equipment (net)	135,010	120,043	123,485
4.15	Intangibles (net)	254,601	254,453	247,797
4.16	Tax assets	37,145	49,000	34,030
4.17	Investment securities	19,040	21,029	19,083
4.18	Total non-current assets	526,041	505,085	500,257
4.19	Total assets	1,170,547	970,021	981,182
Current liabilities				
4.20	Payables	295,106	171,856	201,978
4.21	Interest bearing liabilities	8,856	49,537	76,516
4.22	Tax liabilities	9,240	42,973	17,106
4.23	Provisions excl. tax liabilities	50,271	56,447	44,792
4.24	Other (provide details if material)	-	-	-
4.25	Total current liabilities	363,473	320,813	340,392
Non-current liabilities				
4.26	Payables	-	-	-
4.27	Interest bearing liabilities	353,522	256,144	231,935
4.28	Tax liabilities	-	693	693
4.29	Provisions exc. tax liabilities	5,340	4,345	4,650
4.30	Progressive jackpot liability	18,769	24,422	13,946
4.30	Deferred revenue	25,996	9,343	5,876
4.30	Other	5,386	3,650	6,330
4.31	Total non-current liabilities	409,013	298,597	263,430

+ See chapter 19 for defined terms.

4.32 Total liabilities	772,486	619,410	603,822
4.33 Net assets	398,061	350,611	377,360

Condensed consolidated statement of financial position continued

Equity			
4.34 Capital/contributed equity	246,020	232,344	235,403
4.35 Reserves	8,834	303	7,579
4.36 Retained profits (accumulated losses)	143,207	117,735	134,378
4.37 Equity attributable to members of the parent entity	398,061	350,382	377,360
4.38 Outside ⁺ equity interests in controlled entities	-	229	-
4.39 Total equity	398,061	350,611	377,360
4.40 Preference capital included as part of 4.37	-	-	-

Notes to the condensed consolidated statement of financial position

Where necessary, comparative figures have been adjusted to enhance comparability.

Exploration and evaluation expenditure capitalised

(To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred.)

	Current period \$A'000	Previous corresponding period - \$A'000
5.1 Opening balance	-	-
5.2 Expenditure incurred during current period	-	-
5.3 Expenditure written off during current period	-	-
5.4 Acquisitions, disposals, revaluation increments, etc.	-	-
5.5 Expenditure transferred to Development Properties	-	-
5.6 Closing balance as shown in the consolidated balance sheet (item 4.12)	-	-

Development properties

(To be completed only by entities with mining interests if amounts are material)

	Current period \$A'000	Previous corresponding period \$A'000
6.1 Opening balance	-	-
6.2 Expenditure incurred during current period	-	-

+ See chapter 19 for defined terms.

6.3	Expenditure transferred from exploration and evaluation	-	-
6.4	Expenditure written off during current period	-	-
6.5	Acquisitions, disposals, revaluation increments, etc.	-	-
6.6	Expenditure transferred to mine properties	-	-
6.7	Closing balance as shown in the consolidated balance sheet (item 4.13)	-	-

Condensed consolidated statement of cash flows

	Current period \$A'000	Previous corresponding period - \$A'000
Cash flows related to operating activities		
7.1	1,046,719	728,326
7.2	(889,950)	(712,912)
7.3	-	-
7.4	-	-
7.5	2,951	4,509
7.6	(19,919)	(9,138)
7.7	(62,719)	(45,295)
7.8	1,929	1,884
7.9	79,011	(32,626)
Cash flows related to investing activities		
7.10	(41,733)	(35,415)
7.11	2,077	1,618
7.12	(16,528)	(353,354)
7.13	-	-
7.14	(2,604)	-
7.15	-	-
7.16	(495)	-
7.16	(121)	-
7.17	(59,404)	(387,151)
Cash flows related to financing activities		
7.18	4,553	159,670
7.19	123,485	298,451
7.20	(43,075)	(2,986)
7.21	(49,751)	(49,965)
7.22	-	-
7.23	35,212	405,170

+ See chapter 19 for defined terms.

7.24	Net increase (decrease) in cash held	54,819	(14,607)
7.25	Cash at beginning of period <i>(see Reconciliation of cash)</i>	15,024	31,388
7.26	Exchange rate adjustments to item 7.25.	448	(1,757)
7.27	Cash at end of period <i>(see Reconciliation of cash)</i>	70,291	15,024

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. *(If an amount is quantified, show comparative amount.)*

N/A

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period \$A'000	Previous corresponding period - \$A'000
8.1 Cash on hand and at bank	70,291	15,024
8.2 Deposits at call	-	-
8.3 Bank overdraft	-	-
8.4 Other (provide details)	-	-
8.5 Total cash at end of period (item 7.27)	70,291	15,024

Other notes to the condensed financial statements

Ratios	Current period	Previous corresponding Period
9.1 Profit before tax / revenue Consolidated profit (loss) from ordinary activities before tax <i>(item 1.5)</i> as a percentage of revenue <i>(item 1.1)</i>	12.3%	16.4%
9.2 Profit after tax / ⁺equity interests Consolidated net profit (loss) from ordinary activities after tax attributable to members <i>(item 1.11)</i> as a percentage of equity (similarly attributable) at the end of the period <i>(item 4.37)</i>	20.1%	24.5%

+ See chapter 19 for defined terms.

Earnings per security (EPS)

10. Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of *AASB 1027: Earnings Per Share* are as follows.

- (a) Basic Earnings Per Share – 17.7 cents
- (b) Diluted Earnings Per share – 17.6 cents
- (c) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS – 453,664,849
- (d) Weighted average number of ordinary shares outstanding during the period used in the calculation of Diluted EPS – 455,636,987

NTA backing
(see note 7)

	Current period	Previous corresponding period
11.1 Net tangible asset backing per ⁺ ordinary security	\$0.31	\$0.21

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: Interim Financial Reporting, or, the details of discontinuing operations they have disclosed in their accounts in accordance with AASB 1042: Discontinuing Operations (see note 17).)

12.1 Discontinuing Operations

Nil

Control gained over entities having material effect

13.1 Name of entity (or group of entities)	Nil
13.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was ⁺ acquired	\$-
13.3 Date from which such profit has been calculated	-
13.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	\$-

Loss of control of entities having material effect

⁺ See chapter 19 for defined terms.

14.1	Name of entity (or group of entities)	Not applicable
14.2	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	\$-
14.3	Date to which the profit (loss) in item 14.2 has been calculated	-
14.4	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	\$-
14.5	Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	\$-

Dividends (in the case of a trust, distributions)

15.1	Date the dividend (distribution) is payable	18 March 2003
15.2	⁺ Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if ⁺ securities are not ⁺ CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if ⁺ securities are ⁺ CHESS approved)	4 March 2003
15.3	If it is a final dividend, has it been declared? <i>(Preliminary final report only)</i>	YES

Amount per security

		Amount per security	Franked amount per security at 30% tax (see note 4)	Amount per security of foreign source dividend
15.4	<i>(Preliminary final report only)</i> Final dividend: Current year	6.5¢	6.5 ¢	0.0 ¢
15.5	Previous year	7.5¢	7.5 ¢	0.0 ¢
15.6	<i>(Half yearly and preliminary final reports)</i> Interim dividend: Current year	5.5 ¢	5.5 ¢	0.0 ¢
15.7	Previous year	4.5 ¢	4.5 ¢	0.0 ¢

Total dividend (distribution) per security (interim plus final)

(Preliminary final report only)

	Current year	Previous year
15.8 ⁺ Ordinary securities	12.0 ¢	12.0 ¢

⁺ See chapter 19 for defined terms.

15.9 Preference⁺ securities

-	-
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**Half yearly report - interim dividend (distribution) on all securities *or*
Preliminary final report - final dividend (distribution) on all securities**

	Current period \$A'000	Previous corresponding period - \$A'000
15.10 ⁺ Ordinary securities <i>(each class separately)</i>	29,700	33,843
15.11 Preference ⁺ securities <i>(each class separately)</i>	-	-
15.12 Other equity instruments <i>(each class separately)</i>	-	-
15.13 Total	29,700	33,843

The ⁺dividend or distribution plans shown below are in operation.

Aristocrat Leisure Limited Dividend Reinvestment Plan

The last date(s) for receipt of election notices for the
⁺dividend or distribution plans

4 March 2003

Any other disclosures in relation to dividends (distributions). *(For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)*

Shares will be issued under the Plan at between 95% and 100% of the weighted average share price over the five business days up to and including 4 March 2003, subject to the discretion of Directors.

Details of aggregate share of profits (losses) of associates and joint venture entities

	Current period \$A'000	Previous corresponding period \$A'000
Group's share of associates' and joint venture entities':		
16.1 Profit (loss) from ordinary activities before tax	-	-
16.2 Income tax on ordinary activities	-	-
16.3 Profit (loss) from ordinary activities after tax	-	-
16.4 Extraordinary items net of tax	-	-
16.5 Net profit (loss)	-	-
16.6 Adjustments	-	-

+ See chapter 19 for defined terms.

16.7 Share of net profit (loss) of associates and joint venture entities	-	-
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Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. *(If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)*

<i>Name of entity</i>	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (<i>item 1.9</i>)	
	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period - \$A'000
17.1 Equity accounted associates and joint venture entities	-	-	-	-
17.2 Total	-	-	-	-
17.3 Other material interests	-	-	-	-
17.4 Total	-	-	-	-

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current period

(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

Category of ⁺ securities	Total number	Number quoted	Issue price per security (see note 14) (cents)	Amount paid up per security (see note 14) (cents)
18.1 Preference ⁺securities (description)	Not Applicable	-	-	
18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions		-	-	
18.3 ⁺Ordinary securities	456,270,939	456,270,939		
18.4 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	5,033,735 -	5,033,735 -		
18.5 ⁺Convertible debt securities	-	-	-	-
18.6 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -	- -	- -
18.7 Options Each option entitles the holder to subscribe for one fully paid ordinary share			<i>Exercise Price</i> \$	<i>Expiry date</i>
Series 05	66,666	-	0.9000	12/08/03
Series 07	510,000	-	1.3525	15/12/03
Series 08	807,000	-	1.7750	8/01/04
Series 10	100,000	-	2.7975	25/08/04
Series 11	480,000	-	3.3725	6/09/04
Series 12	2,318,336	-	3.9125	3/04/05
Series 13	400,000	-	5.4128	14/07/05
Series 14A	800,000	-	5.7605	1/08/05
Series 14B	253,000	-	5.7605	1/08/05
Series 15	40,000	-	5.7091	28/08/05
Series 16A	200,000	-	6.0289	4/09/05
Series 16B	23,000	-	6.0289	4/09/05
Series 17A&B	882,000	-	6.0105	1/11/05
Series 18	580,000	-	5.6224	19/02/06
Series 19	33,000	-	6.3262	1/03/06
Series 20	800,000	-	6.9814	2/07/06
Series 21	850,000	-	6.5403	20/07/06

+ See chapter 19 for defined terms.

	Series 22	50,000	-	6.7820	13/08/06
	Series 23	100,000	-	5.4754	24/09/06
	Series 24	20,000	-	6.3515	25/10/06
	Series 25	10,000	-	6.3028	18/12/06
	Series 26	2,970,000	-	5.9531	7/03/07
	Series 27	<u>1,030,000</u>	-	5.4102	2/07/07
	Total on issue	<u>13,323,002</u>			
18.8	Issued during current period:				
	Series 26	2,990,000	-	5.9531	7/03/07
	Series 27	<u>1,030,000</u>	-	5.4102	2/07/07
	Total Issues	<u>4,020,000</u>			
18.9	Exercised during current period				
	Series 03	20,000	-	0.6400	
	Series 04	1,423,994	-	0.7300	
	Series 05	66,666	-	0.9000	
	Series 07	290,000	-	1.3525	
	Series 08	385,000	-	1.7750	
	Series 10	50,000	-	2.7975	
	Series 11	180,000	-	3.3725	
	Series 12	475,000	-	3.9125	
	Total exercised	<u>2,890,660</u>			
18.10	Expired during current period				
	Series 08	30,000	-	1.7750	
	Series 12	130,000	-	3.9125	
	Series 14B	45,000	-	5.7605	
	Series 15	146,000	-	5.7091	
	Series 17	212,000	-	6.0105	
	Series 21	395,000	-	6.5403	
	Series 25	5,000	-	6.3028	
	Series 26	20,000	-	5.9531	
	Total expired	<u>983,000</u>			
18.11	Debentures <i>(description)</i>	-	-	-	
18.12	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				
18.13	Unsecured notes <i>(description)</i>		-	-	
18.14	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

Segment reporting

(Information on the business and geographical segments of the entity must be reported for the current period in accordance with *AASB 1005: Segment Reporting* and for half year reports, *AASB 1029: Interim Financial Reporting*. Because entities employ different structures a pro forma cannot be provided. Segment information in the layout employed in the entity's ⁺accounts should be reported separately and attached to this report.)

Refer to Attachment A.

Comments by directors

(Comments on the following matters are required by ASX or, in relation to the half yearly report, by *AASB 1029: Interim Financial Reporting*. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.)

Basis of financial report preparation

19.1 / [Delete if preliminary final report.]

19.2 Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

Refer to Discussion and Analysis in Directors' Report

19.3 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

Nil

19.4 Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

Franking credits available at 31 December 2002 total \$37.7 million.

19.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *AASB 1029: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *AASB 1001: Accounting Policies-Disclosure*).

Nil

19.6 Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous ⁺annual reports if those revisions have a material effect in this half year.

⁺ See chapter 19 for defined terms.

Nil

19.7 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last ⁺ annual report.

Nil

Additional disclosure for trusts

20.1 Number of units held by the management company or responsible entity or their related parties.

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20.2 A statement of the fees and commissions payable to the management company or responsible entity.

Identify:

- initial service charges
- management fees
- other fees

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Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place

The Grand Ballroom, Rydges⁺ Wentworth Hotel
61-101 Phillip Street, Sydney NSW 2000

Date

15 April 2003

Time

10:00 a. m.

Approximate date the ⁺annual report will be available

16 March 2003

⁺ See chapter 19 for defined terms.

Compliance statement

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX (see note 12).

Identify other standards used

N/a

- 2 This report, and the ⁺accounts upon which the report is based (if separate), use the same accounting policies.

- 3 This report does give a true and fair view of the matters disclosed (see note 2).

- 4 This report is based on ⁺accounts to which one of the following applies.

(Tick one)



The ⁺accounts have been audited.



The ⁺accounts have been subject to review.



The ⁺accounts are in the process of being audited or subject to review.



The ⁺accounts have *not* yet been audited or reviewed.

- 5 The audit report is attached as Attachment B.

- 6 The entity has a formally constituted audit committee.

Sign here:



Date: 18 February 2003

Company Secretary

Print name:

Mr. F W E Bush

⁺ See chapter 19 for defined terms.

Appendix A

Segment information

Primary reporting - geographical segments

	Australia \$'000	North America \$'000	South America \$'000	Japan \$'000	New Zealand \$'000	Other \$'000	Inter-segment eliminations/ unallocated \$'000	Consolidated \$'000
2002								
Sales to external customers	358,980	293,528	38,369	180,790	51,315	46,488	-	969,470
Intersegment sales	<u>129,688</u>	-	-	-	-	-	(129,688)	-
Total sales revenue	488,668	293,528	38,369	180,790	51,315	46,488	(129,688)	969,470
Other revenue (excluding interest)	<u>4,735</u>	<u>587</u>	-	<u>555</u>	<u>97</u>	<u>58</u>	<u>(2,026)</u>	<u>4,006</u>
Total segment revenue (excluding interest)	<u>493,403</u>	<u>294,115</u>	<u>38,369</u>	<u>181,345</u>	<u>51,412</u>	<u>46,546</u>	<u>(131,714)</u>	973,476
Interest income								<u>2,986</u>
Total consolidated revenue								<u>976,462</u>
Segment result	<u>72,433</u>	<u>34,150</u>	<u>7,548</u>	<u>13,554</u>	<u>1,582</u>	<u>9,774</u>	<u>(1,865)</u>	137,176
Net interest								<u>(16,933)</u>
Profit from ordinary activities before income tax expense								120,243
Income tax expense								<u>(40,148)</u>
Profit from ordinary activities after income tax expense								80,095
Outside equity interest in operating profit after income tax								<u>108</u>
Net profit								<u>80,203</u>
Segment assets	<u>722,375</u>	<u>317,717</u>	<u>39,640</u>	<u>116,477</u>	<u>11,258</u>	<u>17,095</u>	<u>(91,160)</u>	1,133,402
Unallocated assets								<u>37,145</u>
Total assets								<u>1,170,547</u>
Segment liabilities	<u>121,718</u>	<u>117,809</u>	<u>31,875</u>	<u>92,390</u>	<u>5,511</u>	<u>2,515</u>	<u>(649)</u>	371,169
Unallocated liabilities								<u>401,317</u>
Total liabilities								<u>772,486</u>
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	<u>14,480</u>	<u>27,907</u>	-	<u>1,328</u>	<u>748</u>	<u>288</u>	-	<u>44,751</u>
Depreciation and amortisation expense	<u>15,670</u>	<u>19,690</u>	-	<u>731</u>	<u>537</u>	<u>228</u>	-	<u>36,856</u>
Other non-cash expenses	<u>419</u>	<u>4,902</u>	-	<u>2,154</u>	<u>90</u>	<u>(360)</u>	-	<u>7,205</u>
Segment contribution profit	<u>116,478</u>	<u>46,245</u>	<u>9,200</u>	<u>26,726</u>	<u>20,077</u>	<u>12,927</u>	<u>(94,477)</u>	<u>137,176</u>

+ See chapter 19 for defined terms.

Primary reporting - geographical segments (continued)

	Australia \$'000	North America \$'000	South America \$'000	Japan \$'000	New Zealand \$'000	Other \$'000	Inter-segment eliminations/ unallocated \$'000	Consolidated \$'000
2001								
Sales to external customers	348,385	162,427	38,783	136,087	51,570	29,558	-	766,810
Intersegment sales	<u>69,656</u>	-	-	-	-	-	(69,656)	-
Total sales revenue	418,041	162,427	38,783	136,087	51,570	29,558	(69,656)	766,810
Other revenue (excluding interest)	<u>7,369</u>	<u>540</u>	<u>-</u>	<u>146</u>	<u>812</u>	<u>54</u>	<u>(2,207)</u>	<u>6,714</u>
Total segment revenue (excluding interest)	<u>425,410</u>	<u>162,967</u>	<u>38,783</u>	<u>136,233</u>	<u>52,382</u>	<u>29,612</u>	<u>(71,863)</u>	773,524
Interest income								<u>4,509</u>
Total consolidated revenue								<u>778,033</u>
Segment result	<u>84,388</u>	<u>29,744</u>	<u>422</u>	<u>15,645</u>	<u>1,829</u>	<u>6,092</u>	<u>(4,624)</u>	133,496
Net interest								<u>(5,663)</u>
Profit from ordinary activities before income tax expense								127,833
Income tax expense								<u>(41,580)</u>
Profit from ordinary activities after income tax expense								86,253
Outside equity interest in operating profit after income tax								<u>(241)</u>
Net profit								<u>86,012</u>
Segment assets	<u>732,071</u>	<u>127,824</u>	<u>20,227</u>	<u>47,276</u>	<u>8,654</u>	<u>8,716</u>	<u>(23,747)</u>	921,021
Unallocated assets								<u>49,000</u>
Total assets								<u>970,021</u>
Segment liabilities	<u>99,510</u>	<u>57,620</u>	<u>19,822</u>	<u>26,979</u>	<u>4,535</u>	<u>1,426</u>	<u>(1,047)</u>	208,845
Unallocated liabilities								<u>410,565</u>
Total liabilities								<u>619,410</u>
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	<u>26,821</u>	<u>317,028</u>	<u>-</u>	<u>572</u>	<u>639</u>	<u>394</u>	<u>-</u>	345,454
Depreciation and amortisation expense	<u>13,772</u>	<u>11,285</u>	<u>-</u>	<u>256</u>	<u>511</u>	<u>251</u>	<u>-</u>	26,075
Other non-cash expenses	<u>(614)</u>	<u>6,601</u>	<u>-</u>	<u>1,084</u>	<u>22</u>	<u>(594)</u>	<u>534</u>	7,033
Segment contribution profit	<u>121,023</u>	<u>45,110</u>	<u>12,780</u>	<u>22,372</u>	<u>21,411</u>	<u>6,106</u>	<u>(95,306)</u>	133,496

+ See chapter 19 for defined terms.

Secondary segments - business segments

The activities of the entities in the consolidated entity are predominantly within a single business which is the development, manufacture, sale, distribution and service of gaming machines and systems.

Notes to and forming part of the segment information

(a) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and the revised segment reporting accounting standard, AASB 1005 Segment Reporting, which has been applied for the first time in the year ended 31 December 2002. The comparative information has been restated to present the information on a consistent basis with the current year disclosures.

Segment revenues, expenses, assets and liabilities 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 assets include all assets used by a segment and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors, employee entitlements and provision for service warranties. Segment assets and liabilities do not include income taxes.

(b) Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an 'arm's-length' basis and are eliminated on consolidation.

Gross margins are measured as revenues less cost of goods sold, being labour and related oncosts as well as direct material costs, as a percentage of revenues.

(c) Segment contribution profit

For each of the regions, segment contribution profit represents segment result less licence fees, R&D expenditure, international service recharges and advanced pricing agreements. The total amount of these items are included in the unallocated category.

(d) Head office expenses

Head office expenses are included in the segment result as they are allocated and charged out to each of the segments.

+ See chapter 19 for defined terms.

Independent audit report to the members of Aristocrat Leisure Limited

Audit opinion

In our opinion, the financial report:

- presents a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Aristocrat Leisure Limited and the Aristocrat Group (defined below) as at 31 December 2002 and of their performance for the year ended on that date
- is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001.

This opinion must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

Scope and summary of our role

The financial report – responsibility and content

The preparation of the financial report for the year ended 31 December 2002 is the responsibility of the directors of Aristocrat Leisure Limited. It includes the financial statements for Aristocrat Leisure Limited (the Company) and for the Aristocrat Group (the Group), which incorporates Aristocrat Leisure Limited and the entities it controlled during the year ended 31 December 2002.

The auditor's role and work

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our role was to conduct the audit in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our audit did not involve an analysis of the prudence of business decisions made by the directors or management.

In conducting the audit, we carried out a number of procedures to assess whether in all material respects the financial report presents fairly a view in accordance with the Corporations Act 2001, Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001, which is consistent with our understanding of the Company's and the Group's financial position, and their performance as represented by the results of their operations and cash flows.

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The procedures included:

- selecting and examining evidence, on a test basis, to support amounts and disclosures in the financial report. This included testing, as required by auditing standards, certain internal controls, transactions and individual items. We did not examine every item of available evidence
- evaluating the accounting policies applied and significant accounting estimates made by the directors in their preparation of the financial report
- obtaining written confirmation regarding material representations made to us in connection with the audit
- reviewing the overall presentation of information in the financial report.

Our audit opinion was formed on the basis of these procedures.

Independence

As auditor, we are required to be independent of the Group and free of interests which could be incompatible with integrity and objectivity. In respect of this engagement, we followed the independence requirements set out by The Institute of Chartered Accountants in Australia, the Corporations Act 2001 and the Auditing and Assurance Standards Board.

In addition to our statutory audit work, we were engaged to undertake other services for the Group. These services are disclosed in Note 36 to the financial statements. In our opinion the provision of these services has not impaired our independence.



PricewaterhouseCoopers



DS Wiadrowski
Partner

Sydney
18 February 2003