ARISTOCRAT LEISURE LIMITED POSTS RECORD FIRST HALF PROFIT AND CONFIRMS POSITIVE MOMENTUM

Aristocrat Leisure Limited (ASX: ALL) today announced a record first half profit and interim dividend for the six months ended 30 June 2005, forecasting further growth for the full year.

Key features of the result include:

- Record first half revenue of $525.3 million;
- Record first half net profit after tax of $101.7 million; and
- Record interim, fully franked dividend of 10 cents per share.

Chief Executive Officer and Managing Director of Aristocrat Leisure Limited, Mr Paul Oneile said "The Company's position continued to strengthen during the period with a standout performance by our North American business and operating margin improvements in all three of our major markets."

"Our strong profit growth has continued in the second half of 2005, with expectations now that we will post a record annual profit after tax of $225 million to $240 million." he added.

The Company's operating cashflow increased 32.7 per cent to $119.7 million, with cash on hand exceeding debt by $175.8 million at balance date.

Basic earnings per share rose 213.2 per cent to 21.3 cents a share.

The Company implemented the Australian equivalent to International Financial Reporting Standards (AIFRS) during the period and all comparative financial information has been re-stated accordingly.

Australia

Australian profits rose 10.7 per cent to $43.4 million, despite a 6.5 per cent decline in revenue to $118.6 million.

While the Australian market remains difficult, the Company maintained its market share whilst improving margins by 5.7 points to 36.6 per cent.

The continuing margin improvement reflects the success of the Company's portfolio of premium products, particularly its range of *Hyperlink*™ products.

Aristocrat's linked products which continue to outperform have been supplemented by a range of innovative bonusing products launched over the last six months.

However the Australian market continues to be impacted by further legislative and regulatory restrictions, including tax increases, smoking controls and caps or reductions in gaming machine numbers by individual state governments.

The Company will continue to focus on its premium offerings and operating efficiency.

North America

The Company's North American operations proved to be the standout performer for the half year, with a 172.1 per cent rise in profit from $34.8 million to $94.7 million.

Revenue increased by 63.7 per cent from $149.8 million to $245.2 million. This growth was driven by the increase in recurring revenue combined with strong game and system sales.

Recurring revenue (participation) increased 63.1 per cent over the prior corresponding period. However, the net increase in the installed base since 31 December 2004 of 6.5 per cent to 5,639 units was below expectations. As a result of new product launches around the half year, the net install run rate is expected to increase over the second half. The average fee per day increased to USD54.

Platform unit sales rose 83.6 per cent to 9,054 units due to growing demand for Aristocrat's high-performing video slot products.

Systems revenue increased 44.9 per cent on the back of a significant increase in the number of new OASIS™ system installations.

Mr Oneile said, "We are well positioned to continue our growth momentum in North America with amongst other things, our Reel Power™ game concept obtaining approval for sale in Nevada, as well as sustained demand for our low denomination "penny" video slot games".

Japan

The Company's Japanese operations posted a revenue decline of 47.1 per cent to $91.8 million, while its overall profit contribution decreased 42.1 per cent from $37.3 million to $21.6 million.

The lower number of units sold during the period was in line with expectations.

The Company is planning the launch of Kyojin-no-hoshi 3™ later in 2005 and, subject to its success, total annual unit sales are expected to be broadly in line with those of the previous two years.

While the near term outlook beyond 2005 remains uncertain given the transition to new "Regulation 5" games, the Company is confident of the longer term sustainability and growth potential of its Japanese operations.

Other Markets

South American revenue and profit contribution were down primarily because the prior period result included collections on legacy contracts. Further collections relating to these contracts remain subject to legal recovery action.

Revenue and profit from other markets in overall terms were largely flat during the six month period.

A highlight in Asia-Pacific was sales growth in Macau, where 20 new casinos are currently under construction in addition to the 18 currently operating and the Company has continued to sustain its strong market share.

European profit contributions were lower as a result of disruption as Russian distribution arrangements were changed during the period. In April, the Company announced the appointment of SIA MegaImpex as its new distributor and sales have since recommenced. A new office in Moscow was opened during the half and the Company expects the European region to improve its profit contribution in the second half.

Despite further gaming restrictions, New Zealand results lifted slightly although trading is expected to remain stable in the immediate term.

DIVIDEND

The Directors have announced an increase in the interim dividend from 4 cents per share to 10 cents per share and a return to franking. The interim dividend, payable on 21 September 2005, will be fully franked. The prior interim dividend was unfranked. The Board has resolved that the Dividend Reinvestment Plan will not apply in respect of this dividend.

CAPITAL MANAGEMENT

In August 2004, the Directors announced a $100 million on market share buyback. To date, 46.6 per cent of this buyback has been completed with 4.9 million shares acquired at an average purchase price of $9.52 per share. The Directors have announced that they intend continuing this program and as a result are extending the original one year buyback period by a further 12 months.

In addition, the Directors have announced that the Company intends to commence a program to acquire shares on market in anticipation of satisfying contingent obligations to Australian and United States based employees under share and option based remuneration plans. The current outstanding, unvested commitments relating to these plans approximates 5.5 million shares.

These initiatives follow the payment of a capital return of 21 cents per share in July 2005.

OUTLOOK

The Company is confident that the performances of its underlying businesses remain robust and that it will maintain its positive momentum for the rest of the year. Based on this momentum and year-to-date management results, the Company expects to report a full year profit after tax of $225 million - $240 million.

This outlook is dependent on a number of key assumptions, including continued momentum in North America and the success of the Kyojin-no-hoshi 3™ game launch in Japan, as well as stable regulatory environments and the timing of product approvals.

Further Information

Financial Inquiries:
Simon Kelly
Aristocrat Leisure Limited
(612) 9413 6601

Media Inquiries:
Tim Allerton
City PR
(612) 9267 4511

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Key Financial Performance Indicators

	1st Half 2005 $Million	1st Half 2004* $Million	1st Half Variance $Million	%
Total Revenue from Ordinary Activities	525.3	523.4	1.9	0.4%
Earnings Before Interest and Tax (EBIT)	145.8	62.9	82.9	131.8%
Profit after Tax	101.7	32.3	69.4	214.9%
Operating Cash Flow	119.7	90.2	29.5	32.7%
Closing Net Cash/(Debt)	175.8	(10.9)	186.7	n/a
Earnings Per Share (Basic)	21.3c	6.8c	14.5c	213.2%
Interim Dividend Per Share**	10.0c	4.0c	6.0c	150.0%

* 2004 results have been re-stated in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS)

** 2005 interim dividend is fully franked. 2004 interim dividend was unfranked