



ARISTOCRAT LEISURE LIMITED ANNOUNCES HALF YEAR 2008 RESULTS

Sydney, 28 August 2008

Aristocrat Leisure Limited (ASX: ALL) today announced a net profit after tax and minority interest of \$70.4 million (15.2 cents per share, fully diluted) for the half year ended 30 June 2008, in line with previous guidance.

Key points on the first half result:

- Disappointing performance primarily driven by the impact of economic and regulatory conditions in the Group's two largest regions – Australia and North America;
- Greater than anticipated short term negative impact of changeover to *Viridian™ Gen7™* as this new product line is progressively introduced globally;
- Significant growth in Japan with over 32,000 units sold, more than in the full 2007 year;
- A lack of new venue openings in the Asia-Pacific region significantly impacting results;
- Maintenance of sound business fundamentals – increased average pricing, tight cost control and strong cash flow;
- The strong Australian dollar reduced reported earnings by \$10.0 million (12.4%);
- Ongoing investment in the future through research and development, with spend rising \$3.5 million (6.5%) to \$57.4 million;
- Operating cash flow marginally down (-1.5%) at \$64.5 million (13.9 cents per share, fully diluted), representing 21.5% of revenue;
- Unchanged interim dividend of 14 cents per share, fully franked.

Chief Executive Officer and Managing Director of Aristocrat, Mr Paul Oneile said "The first half of 2008 has been particularly challenging with replacement demand in our key markets running at historic lows. At the same time, we have suffered from operator reluctance to purchase product ahead of the availability of our new *Viridian™* cabinet and *Gen7™* platform and a larger library of content. Its in-field performance has shown, almost without exception, that the *Viridian™ Gen7™* generates superior performance and I am confident that as approvals come through we will see increased demand and upside potential in our share of overall sales."

Mr Oneile concluded, "We remain focused on our future and we have again increased our investment in research and development with spend rising 6.5%, all of which we fully expense against profit. Over the next 12 months we will start to see the benefits of this investment with the launch of a number of new products, including

our new *Viridian™ RFX™* stepper, a range of innovative recurring revenue products aimed at the North American market and initial trials of our leading edge ACE Class III thin client server based gaming platform, *TruServ™*. The fundamentals of our business remain sound and together with our innovation pipeline, position us well to benefit from the upturn in market demand when global economic conditions start to improve.”

Operating sector key points:

- Australian revenue declined 23.2% while profits fell 37.2%. The combined impact of smoking bans, increased taxes and the economic effects of higher interest rates and petrol prices on venue gaming turnover resulted in a significant decline in platform sales (40.5%) representing an unsustainable implied 40 year replacement cycle;
- North American revenue declined 15.6% and profit fell 19.9% (in local currency terms) reflecting a deterioration in the replacement cycle to an unprecedented 18 years coupled with the impact on demand ahead of the progressive rollout of the *Viridian™ Gen7™*, with approval timings hindering the Group’s ability to compete in the replacement market;
- Japanese revenue increased by \$53.8 million to \$93.7 million while profit increased by \$23.6 million to \$26.6 million, reflecting the improving success of the Group’s Regulation 5 releases. Unit volumes were the key driver with a total of 32,280 units sold, up from 11,063 in the prior corresponding half;
- Results from businesses in emerging markets were mixed with the lack of new venue openings compared to the previous year, particularly in the Asia-Pacific region, resulting in a substantial decline in regional results. The European market remained relatively soft due to the impact of smoking bans while South Africa and South America delivered strong underlying operating revenue and profit growth;
- The contribution from the Group’s 50% owned Elektronček business declined significantly (\$6.9 million, 89.6%) as a result of the lack of new openings in the Asia-Pacific region.

DIVIDEND

An interim dividend of 14 cents per share, fully franked (\$63.8 million) has been declared, payable on 30 September 2008 to shareholders on the register at 5.00pm on 9 September 2008. The Dividend Reinvestment Plan (“DRP”) will operate in respect of this dividend (for shareholders resident in Australia and New Zealand), with shares acquired on-market to satisfy those shares to be provided under the Plan. No discount will apply in determining the DRP issue price.

This dividend is unchanged from the interim dividend paid in respect of the half year ended 30 June 2007, representing a payout ratio of 89%. It is the Group’s intention to maintain a fully franked annual earnings payout ratio of 60% - 70% over the medium term while limiting the impact of short term earnings volatility on dividend flows to shareholders.

SUMMARY OF RESULTS

	Constant Currency^ H1 2008 \$ Million	Reported H1 2008 \$ Million	Reported H1 2007 \$ Million	Constant Currency^ Variance	Reported Variance
Total Revenue from Ordinary Activities	510.7	466.3	558.1	(8.5%)	(16.4%)
Earnings before Interest and Tax	116.8	102.7	168.2	(30.6%)	(38.9%)
Profit after Tax and Minority Interest	80.4	70.4	125.9	(36.1%)	(44.1%)
Operating Cash Flow	73.2	64.5	65.5	+11.8%	(1.5%)
Net Debt	(277.6)	(269.4)	(177.1)	(56.7%)	(52.1%)
Fully Diluted Earnings per Share	17.4c	15.2c	26.8c	(35.1%)	(43.3%)
Fully Diluted Cashflow per Share	15.8c	13.9c	13.9c	+13.7%	-
Total Dividends per Share	14.0c	14.0c	14.0c	-	-

^ Adjusted for translational exchange rates using rates applying in the first half of 2007

OUTLOOK

Market conditions in general are not expected to improve over the balance of the year. The Group does however expect to benefit from the progressive approval and availability of *Viridian™ Gen7™* in key markets and the successful launch of a key Japanese game later in the year together with a continuation of improved pricing and tight cost control.

Enquiries

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Aristocrat Leisure Limited (ASX: ALL) is a leading global provider of gaming solutions that consistently outperform the competition. The Group is licensed by over two hundred regulators and its products and services are available in over ninety countries around the world. Aristocrat offers a diverse range of products and services including electronic gaming machines, interactive video terminal systems, electronic tables, and casino management systems. For further information visit the Group's website at www.aristocratgaming.com.