19 August 2008

FOR IMMEDIATE RELEASE

Queenco Leisure International Ltd
("QLI" or the "Company")

Interim Results for the six months ended 30 June 2008

Queenco Leisure International Ltd, (LSE: QLI), the emerging markets casino developer and operator, is pleased to report its interim results for the six months ended 30 June 2008.

Highlights

Financial Performance

- Gross revenues increased by 11.9% to €103.4 million (2007: €93.1 million)
- Net Revenues increased by 12.7% to €72.3 million (2007: €64.2 million)
- EBITDA* increased by 1.1% to €27.2 million (2007: €26.9 million)
- Profit before tax was €18.9 million (2007: €20.9 million)
- EPS was 1.9¢ (2007: 2.5¢)
- Earnings per GDR (each GDR representing 10 ordinary shares) 19¢ (2007: 25¢)

*includes €0.9m of costs relating to the second half of 2008

Result by casino:

Casino	Net Revenue (EURm) Jan-June		EBITDA (EURm) Jan-June		Visitors (thousands) Jan-June		Win per Visitor (EUR) Jan-June		QLI's Economic Interest
	2008	2007	2008	2007	2008	2007	2008	2007	
Loutraki	91.3	89.7	39.3	43.9	587	538	230	245	40.3%
Rodos	11.7	11.5	2.9	4.3	76	75	218	216	91.6%
Palace	12.2	7.8	5.5	2.2	55	60	227	131	83.3%

Operational Performance

- Strong performance from Casino Palace; substantial gains in revenues and win per visitor
- Increase in the number of overall visits supporting consistent revenue growth across the portfolio
- Prague project due to open in December and construction due to commence in October 2008 on Casino Constanta in Romania
- Continued programme of investment in individual marketing programmes aimed at attracting the international high roller market

Yigal Zilkha, Chairman of QLI, commented:
"This was a good performance by the Company, recording a 12.7% increase in net revenues, given the backdrop of global economic uncertainty that has characterised the first six months of 2008. QLI continues to benefit from its ongoing investment into each of its casinos to create the optimum casino and entertainment experience. Casino Palace, in particular, had a strong first half, generating significant revenue growth as a result of its success in increasing the number of high rollers and benefiting from its switch to gaming in Euros last September.

"QLI is not immune to the current global economic slowdown, however, I believe our casinos will continue to attract customers throughout this more challenging period as we maintain the same level of excellence across all our businesses; the difference, particularly for the smaller gaming customer, will be in the amount individuals spend. Our strategy to develop a leading portfolio of emerging market casinos remains unchanged and we look forward to making further progress with our current projects in the Czech Republic, Romania and Cambodia and also identifying new opportunities in other high growth markets."

Analyst/Investor Conference Call

A conference call will be held for analysts and investors at 2.00pm (UK time), 4.00pm (Israel time), 9.00am (Eastern Daylight Time) and 6.00am (Pacific Daylight Time) today. The call can be accessed by dialling:

UK Freephone:	T: 0800 4048 418
US Freephone:	T: +1 866 3455 855
International:	T: +972 3 918 0685
Israel:	T: 03 918 0685

The conference calls will be accompanied by an analyst / investor presentation available for download on Queenco Leisure International Limited's investor relations website: www.queencoleisure.com

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Chairman's Review

Introduction

I am pleased to present QLI's interim results for the six months ended 30 June 2008. During the period under review the Company performed well, despite operating in challenging economic conditions, with net revenues increasing by 12.7%, demonstrating the resilience of QLI's business model.

Overall visit numbers remained positive across the portfolio, reflecting the benefits of our programme of improving our high quality gaming and complementary entertainment and leisure facilities. Casino Palace, Romania performed particularly well, generating substantial increases in revenues following its success in increasing the number of high roller visitors and the benefits of switching to gaming in Euros in September 2007. Both Casino Loutraki and Casino Rodos also increased net revenues during the period. With over one million customers per annum, Casino Loutraki remains the largest contributor to Group revenues; its customers are mostly local residents and Greek holidaymakers who are comparatively more sensitive to any economic downturn, and this was reflected in a slight decrease in win per visit. Casino Rodos, which was affected by adverse weather at the start of 2008, has since seen an increase in revenues in the second quarter.

QLI remains committed to its strategy of; improving its existing casinos to enhance the "gaming experience" of its customers, growing its pipeline of new project developments, and seeking new growth opportunities throughout the emerging markets. We made good progress during the period with the opening of the nightclub and gaming hall in Prague expected by the end of the year and the design proposals for our project in Sihanoukville, Cambodia being submitted to the local authorities for approval. In addition, work on "Casino Constanta" in Romania is expected to commence in October this year and be completed within 15 to 18 months.

Financial Review

For the six months ended 30 June 2008, gross revenues grew to €103.4 million (2007: €93.1 million), an increase of 11% whilst net revenues grew by 12.7% to €72.3 million (2007: €64.2 million). Gross gaming revenues grew by 11.9% to €100.7 million (2007: €90 million). Ancillary revenues not derived from gaming, were €2.7 million (2007: €3.1 million).

EBITDA for the period was €27.2 million (2007: €26.9 million), however, changes in Greece to the accounting policy treatment for employees' social rights, meant that QLI had to recognise €900k of additional costs in the first half relating to the second half of the financial year. On an adjusted basis EBITDA, excluding the additional €900k of costs, was €28.1 million, an increase of 4.5% against the previous year. EBITDA benefited from revenue growth in the casino projects and QLI's increased shareholding in Loutraki to 53% (2007: 50%), however, these factors were outweighed by increased payroll and marketing costs in all three casinos, and the associated expenses of being a listed company.

Net Profit for the period was €12 million (2007: €13.7 million), reflecting the adverse movement of the US$ against the Euro and the NIS which resulted in foreign exchange losses of nearly €2.5 million. The Company keeps part of its cash funds in US$ to fund its project in Sihanoukville, Cambodia.

Basic and diluted pro forma EPS is 1.9¢ for the period (2007: 2.5¢) and earnings per GDR (each GDR representing 10 ordinary shares) were 19¢ (2007: 25¢).

During the period the company declared and paid a dividend of 17¢ per GDR, a total of €6 million.

Operational Review

Club Hotel Casino Loutraki ("Casino Loutraki")

Gross gaming revenues for the six months ended 30 June 2008 grew by 2.6% to €135 million (2007: €131.7 million), while net revenues grew by 1.8% to €91.3 million (2007: €89.7 million). Despite this marginal growth we remain encouraged by the 9% increase in visit numbers following our marketing efforts. This has minimised the effects of the economic slowdown which resulted in a drop in average win per visit by 6%. Maintaining our customer base during these more challenging economic conditions is in our experience the key to the long term success of the business.

During the period, the casino generated EBITDA of €39.3 million, a decrease of 10.6% (2007: €44 million), mainly due to an increase in staff expenses across the operation. EBITDA was also impacted by the changes in Greece to the accounting policy for employees' social rights which meant that Loutraki incurred a cost of €1.1 million, relating to the second half of the financial year.

Included in the results for Loutraki, is a 43% share of Casino Beograd's start up losses. Casino Beograd only began full operations on 8 February 2008, and during the period returned negative EBITDA of €2.8 million. As QLI only has an indirect holding of 16%, the impact on QLI's EBITDA is not material. Looking ahead, we expect that as we enter 2009 Casino Beograd will become cash positive.

At the end of the period, an indirect jointly-owned subsidiary of QLI which has a controlling interest in Loutraki exercised its option against Casino Austria to increase its holding in the casino. The consequences of this mean that in the short term QLI will have increased its holding in Loutraki from 40.3% to 40.8%. Upon repayment by the subsidiary of the premium on the shares QLI's long term economic interest will now only decrease to 36.2%, compared to 31.0% had the Option not been exercised at this time.

Casino Rodos

Gross gaming revenues for the six months ending 30 June 2008 increased by 1.2% to €16.5 million (2007: €16.3 million), while net revenues grew by 1.5% to €11.7 million (2007: €11.5 million). As we reported in the first quarter, revenues were affected at the start of the year by adverse weather conditions however during the last three months we have stepped up our targeted marketing efforts to attract more high rollers. The effect of which was seen in an overall increase in both the number of visits and win per visit by 0.6%.

However, a higher level of payroll and marketing expenses resulted in EBITDA of €2.9 million, a decrease of 31.6% (2007: €4.3 million). The impact of changes in Greece to the accounting policy for employees' social rights was €300k which again relates to the second half of the financial year.

As part of our marketing strategy in 2008, Casino Rodos is focused on expanding its presence in a number of other markets. In particular, the casino is focused on targeting high rollers in countries neighbouring Greece. To facilitate the travel plans of the increasing number of international high roller customers, the casino has acquired a private plane that will further enhance and differentiate the "gaming experience" of its' guests.

Casino Palace

During the period, Casino Palace's gross gaming revenues grew 61% to €12.6 million (2007: €7.8 million), while net revenues grew by 56% to €12.2 million (2007: €7.8 million). While Casino Palace operates in a highly competitive environment, it offers a superior product and as a result has been successful in attracting more high roller players.. Casino Palace has also benefited from the switch to gaming in Euros from Dollars in September 2007. Although the number of visits decreased by 6.9%, the quality of its customers increased, reflected in the increase in win per visit to 72.9%. This all contributed to EBITDA increasing by 155% to €5.5 million (2007: €2.2 million).

Enhancing our customers' "gaming experience" is important to the continuing growth of all of our casinos, and in Casino Palace, renovation work will start soon, to increase gaming space and open a new Asian restaurant.

New Projects

Progress in all of our new projects continues apace. The opening of the nightclub and gaming hall in Prague is expected by the end of the year. In addition, we have now submitted our design proposals for the first stage of our project in Sihanoukville, Cambodia, which includes a luxury leisure resort hotel with 500 rooms and a casino. Plans for "Casino Constanta" in Romania have been submitted for approval and we remain on track to commence work in October this year.

People

Our continued success is a direct result of the efforts of all our employees. On behalf of the Board I would like to thank everyone involved for their hard work and look forward to further success and the continued growth of the business.

In April we announced that Dror Mizeretz, the current Chief Executive Officer, would be leaving the Company within 6 months. Since then we have been evaluating a number of strong candidates to take up the position and we believe QLI will shortly be in a position to announce the appointment of a new Chief Executive Officer.

Outlook

Despite the slowdown in the global macro-economy, QLI has demonstrated during the first half of the year that the underlying performance of the business remains resilient; growing gaming revenues in each of our casinos and increasing visit numbers on an overall basis. In the current market environment it is difficult to accurately predict the impact the economic slowdown will have on trading, however, it is likely that lower spending customers will be more affected. Overall we believe that QLI is a relatively robust business, benefiting from its focus on high growth emerging markets, which we anticipate will continue to help enhance our operational performance.

Yigal Zilkha
Chairman, Queenco Leisure International Ltd
19 August 2008

Consolidated statements of income
(In thousands of €)

	3 months ended 30 June		6 months ended 30 June		Year ended 31 December
	2008	**2007***	**2008**	**2007***	**2007***
	unaudited	**unaudited**	**unaudited**	**unaudited**	
Revenues	34,003	31,758	72,318	64,191	142,895
Operating costs					
Cost of revenues	(14,715)	(13,727)	(31,047)	(26,359)	(56,838)
Selling and marketing expenses	(3,794)	(3,295)	(7,904)	(6,716)	(14,942)
General and administrative expenses	(5,793)	(5,188)	(11,168)	(8,701)	(18,008)
Other operating expenses	-	(74)	-	(110)	(492)
Share of results of associates	(546)	(167)	(1,140)	(413)	(1,351)
Operating profit	**9,155**	**9,307**	**21,059**	**21,892**	**51,264**
Investment income	928	398	1,497	547	4,933
Finance costs	(248)	(638)	(1,170)	(1,213)	(3,195)
Foreign exchange loss	(1,541)	(283)	(2,467)	(291)	(61)
Profit before tax	**8,294**	**8,784**	**18,919**	**20,935**	**52,941**
Tax	(3,453)	(3,470)	(6,881)	(7,192)	(15,407)
Profit for the period	**4,841**	**5,314**	**12,038**	**13,743**	**37,534**
Attributable to:					
Equity holders of the parent	2,554	2,545	6,547	7,917	25,138
Minority interests	2,287	2,769	5,491	5,826	12,396
	4,841	**5,314**	**12,038**	**13,743**	**37,534**
Earnings per share					
Basic (¢)	0.7	0.8	1.9	2.5	7.6
Diluted (¢)	0.7	0.8	1.9	2.5	7.5

* The December 2007 and June 2007 amounts reflect the operations for the Group for each period as if the reorganisation described in Note 1 had occurred at the beginning of the reporting periods.

Consolidated Balance sheets
(In thousands of €)

	As at		
	30 June		31 December
	2008	2007	2007
	unaudited	unaudited	
Non-current assets			
Intangible assets	13,269	4,758	13,746
Property, plant and equipment	102,363	84,488	92,672
Investment property	7,533	7,332	7,652
Interests in associates	13,246	4,431	13,019
Deferred tax asset	2,315	2,401	2,465
Other long term receivables	6,816	10,986	12,178
Total non-current assets	**145,542**	**114,396**	**141,732**
Current assets			
Inventories	710	541	782
Investments	4,487	963	8,894
Trade and other receivables	4,727	4,284	3,985
Cash and cash equivalents	77,170	42,278	76,011
Total current assets	87,094	48,066	89,672
Total assets	**232,636**	**162,462**	**231,404**
Current liabilities			
Accounts payable	(4,686)	(3,456)	(5,587)
Current tax liabilities	(10,457)	(11,396)	(11,314)
Other current liabilities	(31,151)	(45,438)	(25,974)
Bank overdraft and loans	(17,820)	(14,715)	(12,591)
Total current liabilities	**(64,114)**	**(75,005)**	**(55,466)**
Net current assets (liabilities)	**22,980**	**(26,939)**	**34,206**
Total assets less current liabilities	**168,522**	**87,457**	**175,938**
Non-current liabilities			
Long-term bank loans	(10,349)	(21,977)	(10,259)
Other long-term liabilities	(10,911)	(4,126)	(11,003)
Deferred tax	(3,310)	(954)	(3,471)
Provision for retirement benefits	(5,256)	(4,357)	(4,835)
Total non-current liabilities	**(29,826)**	**(31,414)**	**(29,568)**
Net assets	**138,696**	**56,043**	**146,370**

Consolidated Balance sheets (cont.)
(In thousands of €)

	As at		
	30 June		31 December
	2008	**2007**	**2007**
	Unaudited	**unaudited**	
Shareholders' equity			
Share capital	62,512	55,337	62,512
Share premium	130,998	84,827	130,998
Translation reserve	2,423	2,445	1,828
Other reserves	(7,950)	-	-
Accumulated deficit	(78,472)	(98,184)	(80,009)
Equity attributable to equity holders of the parent	**109,511**	**44,425**	**115,329**
Minority interest	**29,185**	**11,618**	**31,041**
Total Equity	**138,696**	**56,043**	**146,370**

Consolidated statements of changes in equity (unaudited)
(In thousands of €)

	Share Capital	Share Premium	Hedging & Translation reserve	Other Reserves	Accumulated deficit	Parent	Minority Interest	Total Equity
For the period beginning 1 January 2008 and ending 30 June 2008	**62,512**	**130,998**	**1,828**	**-**	**(80,009)**	**115,329**	**31,041**	**146,370**
Balance as at 1 January 2008								
Translation differences	-	-	861	-	-	861	179	1,040
Expense resulting from grant of share options	-	-	-	-	997	997	-	997
Profit share due to the municipality of Loutraki	-	-	-	-	-	-	(2,395)	(2,395)
Loss on cashflow hedge	-	-	(266)	-	-	(266)	-	(266)
Exercise of option for purchase of minority interest (see note 4)	-	-	-	(7,950)	-	(7,950)	-	(7,950)
Net income for the period	-	-	-	-	6,547	6,547	5,491	12,038
Dividend *	-	-	-	-	(6,007)	(6,007)	(5,131)	(11,138)
Balance as at 30 June 2008	**62,512**	**130,998**	**2,423**	**(7,950)**	**(78,472)**	**109,511**	**29,185**	**138,696**
For the period beginning 1 April 2008 and ending 30 June 2008	**62,512**	**130,998**	**1,477**	**-**	**(75,544)**	**119,443**	**32,895**	**152,338**
Balance as at 1 April 2008								
Translation differences	-	-	1,212	-	-	1,212	206	1,418
Expense resulting from grant of share options	-	-	-	-	525	525	-	525
Profit share due to the municipality of Loutraki	-	-	-	-	-	-	(1,072)	(1,072)
Loss on cashflow hedge	-	-	(266)	-	-	(266)	-	(266)
Exercise of option for purchase of minority interest (see note 4)	-	-	-	(7,950)	-	(7,950)	-	(7,950)
Net income for the period	-	-	-	-	2,554	2,554	2,287	4,841
Dividend *	-	-	-	-	(6,007)	(6,007)	(5,131)	(11,138)
Balance as at 30 June 2008	**62,512**	**130,998**	**2,423**	**(7,950)**	**(78,472)**	**109,511**	**29,185**	**138,696**

* representing 1.7 ¢ per share

Consolidated statements of changes in equity (unaudited) (Cont')
(In thousands of €)

	Share Capital	Share Premium	Translation reserve	Accumulated deficit	Parent	Minority Interest	Total Equity
For the period beginning 1 January 2007 and ending 30 June 2007							
Balance as at 1 January 2007	**44,173**	**84,827**	**2,478**	**(86,049)**	**45,429**	**11,599**	**57,028**
Translation differences	-	-	(33)	-	(33)	182	149
Costs relating to the Romanian transaction under common control	-	-	-	(136)	(136)	-	(136)
Issuance of shares in relation to the Romanian transaction under common control	11,164	-	-	(11,164)	-	-	-
Dividend *	-	-	-	(8,752)	(8,752)	(3,457)	(12,209)
Profit share due to the municipality of Loutraki	-	-	-	-	-	(2,532)	(2,532)
Net income for the period	-	-	-	7,917	7,917	5,826	13,743
Balance as at 30 June 2007	**55,337**	**84,827**	**2,445**	**(98,184)**	**44,425**	**11,618**	**56,043**
For the period beginning 1 April 2007 and ending 30 June 2007							
Balance as at 1 April 2007	**44,173**	**84,827**	**2,534**	**(80,677)**	**50,857**	**13,308**	**64,165**
Translation differences	-	-	(89)	-	(89)	323	234
Costs relating to the Romanian transaction under common control	-	-	-	(136)	(136)	-	(136)
Issuance of shares in relation to the Romanian transaction under common control	11,164	-	-	(11,164)	-	-	-
Dividend *	-	-	-	(8,752)	(8,752)	(3,457)	(12,209)
Profit share due to the municipality of Loutraki	-	-	-	-	-	(1,325)	(1,325)
Net income for the period	-	-	-	2,545	2,545	2,769	5,314
Balance as at 30 June 2007	**55,337**	**84,827**	**2,445**	**(98,184)**	**44,425**	**11,618**	**56,043**

* representing 1.7 ¢ per share

Consolidated statements of changes in equity (Cont)
(In thousands of €)

	Share Capital	Share Premium	Translation reserve	Accumulated deficit	Parent	Minority Interest	Total Equity
Balance as at 1 January 2007	**44,173**	**84,827**	**2,478**	**(86,049)**	**45,429**	**11,599**	**57,028**
Translation differences			(650)	-	(650)	(16)	(666)
Costs relating to the Romanian transaction under common control	-	-	-	(136)	(136)	-	(136)
Capital issue	7,175	46,171	-	-	53,346	-	53,346
Expense resulting from grant of share options	-	-	-	954	954	-	954
Issuance of shares in relation to the Romanian transaction under common control	11,164	-	-	(11,164)	-	-	-
Conversion of capital notes to equity **	-	-	-	-	-	9,816	9,816
Purchase of minority interest	-	-	-	-	-	5,468	5,468
Dividend *	-	-	-	(8,752)	(8,752)	(3,553)	(12,305)
Profit share due to the municipality of Loutraki	-	-	-	-	-	(4,669)	(4,669)
Profit for the year	-	-	-	25,138	25,138	12,396	37,534
Balance as at 31 December 2007	**62,512**	**130,998**	**1,828**	**(80,009)**	**115,329**	**31,041**	**146,370**

* representing 4 ¢ per share

** capital notes held with Milimor and Shachar Hamillenium (parent companies)

Consolidated cash flow statements
(In thousands of €)

	Notes	3 months ended 30 June		6 months ended 30 June		Year ended 31 December
		2008	2007*	2008	2007*	2007*
		unaudited	unaudited	unaudited	unaudited	
Net cash from operating activities	3	**1,795**	**6,781**	**12,608**	**17,996**	**46,280**
Investing activities						
Interest received		918	398	1,462	547	4,801
Purchases of property, plant and equipment		(3,013)	(1,988)	(7,468)	(2,852)	(9,983)
Purchase of other intangibles		(24)	(6)	(24)	(6)	(28)
Investment in an associate		(1,102)	(4,665)	(1,367)	(4,665)	(9,754)
Repayment of / loans to other long-term receivables		(110)	-	(26)	-	-
Purchases of trading investments		168	-	4,943	(100)	(7,923)
Instalments for the acquisition of a subsidiary		-	-	-	-	(714)
Loans made to associates		-	887	-	(1,903)	(7,585)
Purchase of additional interest in joint venture entity		-	-	-	-	(2,153)
Net cash used in investing activities		**(3,163)**	**(5,374)**	**(2,480)**	**(8,979)**	**(33,339)**
Financing activities						
Dividends paid to minority shareholders		(5,131)	(3,457)	(5,131)	(3,457)	(3,402)
Dividends		(6,007)	-	(6,007)	-	(8,752)
Repayments of borrowings		(10,600)		(10,600)	-	(11,730)
Receipt / (repayment) of other long term liabilities		-	1,687	33	1,858	3,285
Issue of shares, net of expenses		-	-	-	-	53,346
Share of profits paid to Municipality of Loutraki		(3,245)	(1,146)	(3,871)	(2,532)	(4,361)
Increase (decrease) in bank overdrafts		15,996	196	15,996	2,452	(250)
Net cash from (used) in financing activities		**(8,987)**	**(2,720)**	**(9,580)**	**(1,679)**	**28,136**
Net increase (decrease) in cash and cash equivalents		(10,355)	(1,313)	548	7,338	41,077
Effect of foreign exchange rate changes		975	(422)	611	(299)	(305)
Cash and cash equivalents at beginning of period		86,550	44,013	76,011	35,239	35,239
Cash and cash equivalents at end of period		**77,170**	**42,278**	**77,170**	**42,278**	**76,011**
Tax cash flow		(6,992)	(3,620)	(7,725)	(5,780)	(14,717)
Interest paid		(686)	-	(852)	(513)	(1,208)

* The December 2007 and June 2007 amounts reflect the operations for the Group for each period as if the reorganisation described in Note 1 had occurred at the beginning of the reporting periods.

NOTE 1 - GENERAL INFORMATION

The unaudited Interim Condensed Consolidated Financial Statements ("Interim Consolidated Financial Statements") for the three and six month periods ended 30 June 2008 have been prepared on a basis consistent with the accounting policies set out in the Financial Statements for the year ended 31 December 2007 published on the Company's website on 20 April 2008 ("2007 Financial Statements"). The Interim Consolidated Financial Statements should therefore be read in conjunction with the 2007 Financial Statements.

The Interim Consolidated Financial Statements for the three and six month periods ended 30 June 2008, were approved by the Board of directors on 18 August 2008. The information relating to the year ended 31 December 2007 is an extract from the 2007 Financial Statements.

In November 2006 the Company's ultimate controlling shareholders decided to restructure their holdings and to transfer their controlling interest in a Romanian tourist and casino project in Bucharest to the Company. Under this reorganisation it was agreed that the Romanian project would be transferred to the ownership and control of the Company in exchange for 62,500,050 newly issued shares of the Company representing 25% of the Company's equity prior such an issuance. The transaction was completed on 13 June 2007.

NOTE 2 - ACCOUNTING POLICIES

The Interim Consolidated Financial Statements for the three month period ended 30 June 2008, and for the three and six month period ended 30 June 2008, have been prepared by the Group in accordance with IAS 34 "Interim Financial Reporting". The preparation of the Interim Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenue and expenses during the reporting period. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The same accounting policies and methods of computation are followed in the interim financial report as published by the Company in its 2007 Financial Statements on 30 April 2008, which are available from the Company's website, with the exception of the following.

Adoption of new and revised standards

The Group has elected to adopt the following, as of 01 April 2008, in advance of their effective dates:

- IFRS 3 (Revised) Business Combinations (effective for accounting periods beginning on or after 1 July 2009); and
- IAS 27 Consolidated and Separate Financial Statements (effective for accounting periods beginning on or after 1 July 2009).

The revisions made to IFRS 3 (revised) have had no impact on the Group's accounting for these periods. The principal changes to the Standard are:

- A greater emphasis on the use of fair value, potentially increasing the judgement and subjectivity around business combination accounting, and requiring greater input by valuation experts;

- Focussing on changes in control as a significant economic event – introducing requirements to remeasure interests to fair value at the time when control is achieved or lost, and recognising directly in equity the impact of all transactions between controlling and non-controlling shareholders not involving a loss of control; and

- Focussing on what is given to the vendor as consideration, rather than what is spent to achieve the acquisition. Transaction costs, changes in the value of contingent consideration, settlement of pre-existing contracts, share-based payments and similar items will generally be accounted for separately from business combinations and will generally affect profit or loss.

NOTE 2 - ACCOUNTING POLICIES (Cont')

The adoption of IAS 27 (revised) has resulted in a change the Group's policy with respect to transactions with non controlling interests (minority interests). The acquisition of a minority interest in Powerbrook Spain falls within the scope of IAS 27 (revised). In the past, the Group has accounted for the purchase of minority interests using purchase accounting. Consequently the fair value of purchased assets was recognised in the financial statements and goodwill or negative goodwill recognised as appropriate. However IAS 27 (revised) requires that increases or decreases in a parent's ownership interest that do not result in a loss of control accounted for as equity transactions of the consolidated entity. This change in accounting policy has been applied prospectively, in accordance with the transitional provisions of IAS 27.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 8	Operating Segments
IAS 1 (R)	Presentation of Financial Statements
IAS 23 (R)	Borrowing Costs (March 2007)
IFRIC 10	Interim Financial Reporting and Impairment
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programs
IFRIC 14	IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group. The directors are still assessing the impact of IFRIC 16 - Hedges of a Net Investment in a Foreign Operation.

NOTE 3 - NOTES TO THE CASHFLOW STATEMENTS

	3 months ended 30 June		6 months ended 30 June		Year ended 31 December
	2008	**2007**	**2008**	**2007**	**2007**
	unaudited	**unaudited**	**unaudited**	**unaudited**	
Profit before tax	**8,294**	**8,784**	**18,919**	**20,935**	**52,941**
Adjustments for:					
Depreciation of property, plant and equipment	1,976	2,197	3,980	4,434	8,315
Increase (decrease) in provisions	602	(1,147)	433	266	670
Amortisation of intangible assets	269	270	531	541	1,219
Investment income	(928)	(398)	(1,497)	(547)	(4,933)
Finance costs	248	638	1,170	1,213	3,195
Foreign exchange loss	1,541	283	2,467	291	61
Profit from negative goodwill	-	-	-	-	(1,445)
Expense relating of grant of share options	525	-	997	-	954
Share of results of associates	546	167	1,140	413	1,351
Operating cash flows before movements in working capital	**13,073**	**10,794**	**28,140**	**27,546**	**62,328**
Decrease (increase) in inventories	(26)	(29)	70	33	(196)
Increase in receivables	(612)	(1,385)	(201)	(1,477)	(399)
Increase (decrease) in payables	(2,962)	1,021	(6,824)	(1,813)	472
Cash generated by operations	**9,473**	**10,401**	**21,185**	**24,289**	**62,205**
Income taxes paid	(6,992)	(3,620)	(7,725)	(5,780)	(14,717)
Interest paid	(686)	-	(852)	(513)	(1,208)
Net cash from operating activities	**1,795**	**6,781**	**12,608**	**17,996**	**46,280**

Increase in interest in proportionally consolidated entity

	3 months ended 30 June		6 months ended 30 June		Year ended 31 December
	2008	**2007**	**2008**	**2007**	**2007**
	unaudited	**unaudited**	**unaudited**	**unaudited**	
Consideration paid	-	-	-	-	3,500
Less: cash received	-	-	-	-	(1,347)
Investment in subsidiary	-	-	-	-	**2,153**

NOTE 4 – SIGNIFICANT EVENTS IN THE PERIOD

In January 2008 a foreign interest of the Group contracted to acquire land in Cambodia for a total consideration of approximately $ 10 million.

On 11 April 2008 CHL resolved to increase the share capital of Grand Casino d.o.o. by approximately € 2.1 million.

On 29 April 2008 the Company announced that it has agreed with Dror Mizeretz that he will end his tenure as Chief Executive Officer and leave the Board. Mr Mizeretz has also agreed to remain in his current position for up to six months during the Company's search for a new Chief Executive Officer.

On 26 May 2008 the Board of Directors of the Company approved a dividend of 1.7¢ per ordinary share (17¢ per GDR) totalling € 6,007 thousand to be paid on 19 June 2008 to ordinary shareholders registered on 10 June 2008. This dividend was paid on 23 June 2008.

On 23 June 2008, the Company granted a written option to Club Hotel Group for the purchase of half of the economic interests that QLI had acquired from a minority interest (Karni) on 30 September 2007. See note 9 to the 2007 financial statements for further details.

Exercise of Call option over Casino Austria Group

Agastya Holdings Ltd (which has controlling interests in the Loutraki Project, Greece) (hereinafter: "Agastya"), a company (indirectly) owned and jointly controlled by the Company, has decided to exercise the Call Option that was granted in 2003 by Casino Austria Group (hereinafter "CA Group"), one of the minority shareholder's of Club Hotel Loutraki S.A.

As per the option agreement, CA Group granted Agastya the option to buy from CA Group all of CA group's preference shares Series B (i.e 100,000 shares) of Powerbook Spain, the controlling parent of Club Hotel Loutraki and one half (50%) of the number of the ordinary shares of Powerbook Spain held by CA Group (i.e 75,000 ordinary shares).

The consideration for the purchase of these shares is:

(1) Remission of the seller's loan granted to CA by Agastya.

(2) 15 Million Euros.

For further details of the option, please see note 1 to the Company's Financial Statements for the year ended 31 December 2007 or pages 41 and 42 of the Company's Prospectus

Upon completion of the purchase, and until all of the preference shares of the company are fully repaid, the company's economic rights in the project will increase by 0.5% as a result of the exercise of the option and will stand on 40.8%.

The main economic impact of the exercise of the Call Option is that from the moment all the preference shares of the company are fully repaid, CA Group will hold 12.5% of the ordinary share capital of Powerbrook Spain rather than 25% of the shares in consideration, for 15 million Euro. A remaining 282.1 million Euro still remains to be distributed from Powerbrook Spain until the CA Group's economic interests in Powerbrook Spain increase to 12.5% from 1.25%. As a result of the exercise on the option, the Company's economic interest in the Loutraki project will eventually fall (after distribution of the aforementioned sum) from 40.8% to 36.2% as opposed to 31.0% had the option not been exercised.

NOTE 5 – RELATED PARTY TRANSACTIONS

During the period, expenses of approximately € 248 thousand were recognised in regards to remuneration of the Chairman and ultimate controlling shareholder Mr Zilckha. Of this amount, approximately € 124 thousand was awarded retrospectively for the second half of 2007.

NOTE 6 – RECLASSIFICATION OF SALARY EXPENSES IN RODOS SUBSIDIARY

During 2007, Casino Rodos re-analysed the way in which salary expenses were allocated to line items in the income statement. This analysis resulted in reclassification of a portion of the salary expenses. The effect on the 2007 income statement is presented below.

	3 months ended 30 June 2007			6 months ended 30 June 2007		
	Previous	**Effect**	**Current**	**Previous**	**Effect**	**Current**
Cost of revenues	12,894	833	13,727	25,526	833	26,359
Selling and marketing expenses	3,122	173	3,295	6,543	173	6,716
General and administrative expenses	6,194	(1,006)	5,188	9,707	(1,006)	8,701
Accumulated effect		-			-	