27 May 2008

Queenco Leisure International Ltd

(the "Company" or "QLI"),

First Quarter Results

Queenco Leisure International Ltd, (LSE: QLI), the emerging markets casino developer and operator, is pleased to report its first quarter results for the 3 months ended 31 March 2008.

Financial Highlights

- Gross revenues increased 16.5% to €54.5 million (2007: €46.8 million)
- Net Revenues increased 18.1% to €38.3 million (2007: €32.4 million)
- EBITDA €15.1 million consistent with Q1 2007
- Profit before tax decreased by 12.6% to €10.6 million (2007: €12.2 million)
- EPS 1.1¢ (2007: 1.7¢)
- Earnings per GDR (each GDR representing 10 ordinary shares) is 11¢ (2007: 17¢)

Q1 2008 Contribution by Casino

Casino	Net Revenue (EURm)		EBITDA (EURm)		Visitors (thousands)		Win per Visitor (EUR)		QLI's Economic Interest
	2008	2007	2008	2007	2008	2007	2008	2007	
Loutraki	48.8	44.3	21.3	22.5	315	277	230	236	40.3%
Rodos	5.3	5.7	0.8	2.2	36	36	206	225	91.6%
Palace	7.1	4.5	4.1	1.9	29	32	252	148	83.3%

Operating Highlights

- Strong performance from Casino Palace with gross revenues up by 55% driven by significant increases in win per visit
- Good revenue growth from Casino Loutraki while Casino Rodos had a weaker quarter
- Increases in overall revenues reflects the benefits of previous investment in enhancing existing casinos
- Ebitda remains the same level as last year due to changes in the accounting policy in Greece that resulted in additional costs of €1.3million, higher level of expenses in the projects mainly as a result of salary increases and increased head office costs due to the recruitment of new employees as well as new costs related to the company's stock market listing.
- Profitability was affected by the adverse movement of the US$ against the Euro and the NIS, resulting in foreign exchange losses of nearly €1.1 million.
- Development of new gaming ventures in Prague, Constanta and Cambodia are progressing well
- Continue to identify opportunities in emerging markets for new casinos
- Business on track to achieve full year targets due to robustness of QLI's emerging market casino model and resilience of the global gaming market

Dror Mizeretz, Chief Executive Officer of QLI, commented,

"This is another good performance from the Company demonstrating our ability to grow net revenues, up 18%, despite wider market conditions. The robustness of our emerging market casino model and the gaming industry as a whole means the business remains on track to achieve its targets for the full year, together with continuing to increase revenues from our exiting casinos, we remain focused on developing our exciting pipeline of projects in Prague, Constanta, and Cambodia as well as continuing to seek attractive opportunities in new markets."

Analyst/Investor Conference Call

A conference call will be held for analysts and investors at 2.00pm (GMT) and 9.00am (Eastern Standard Time) / 7.00am (Pacific Daylight Time) on Tuesday 27 May 2008. The call can be accessed by dialling:

UK Freephone:	T: 0800 917 9141
US Freephone:	T: +1 888 407 2553
International:	T: +972 3 918 0620
Israel:	T: 03 918 0620

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

For further information please visit www.queencoleisure.com or contact:

Queenco Leisure International Ltd.
Dror Mizeretz, CEO
Effy Aboudy, CFO
Tel: +972 375 45555

ING
Chris Godman
Tel: +44 (0)20 7767 6896

Cardew Group
Tim Robertson
David Roach
Daniela Cormano
Tel: + 44 (0)20 7930 0777

Chief Executive's Review

Introduction

I am pleased to report on QLI's first quarter results for the three months ended 31 March 2008. During the period under review the Company performed as we had expected, showing the robustness of our emerging market casino model and the wider industry as a whole. As a result, net revenues increased by 18.1%.

At the end of this quarter we can report particularly strong trading in Casino Palace, situated in the centre of Bucharest, as we have continued to capitalize on the growth of the Romanian economy, and Club Hotel Casino Loutraki ('Casino Loutraki'), 80 km west of Athens, which continues to show revenue growth. The first quarter in Casino Rodos is traditionally a quiet quarter due to inclement weather. Although trading at the beginning of January in Rodos was affected by poor weather, the number of visits was consistent with last year's quarter and the total drop increased compared to last year. These two drivers make us believe that the rest of the year will continue the positive trend of 2007 leading to a recovery in the trading performance of the casino. In this year we will also see the first full year of trading at Casino Beograd, which has an exclusivity license for ten years, in Belgrade.

Our focus on seeking to continually improve our destination casinos and resorts, combined with acquisitions of new gaming concessions in emerging markets, we believe, will serve us well in continuing our track record of growth. We can report that we are making good progress in our pipeline of new projects. Our plans to renovate and operate a historic building in Constanta, Romania as "Casino Constanta" are in the design stage. It is expected that work will start during the second half of the year, subject to authorities' approvals, and the scheduled opening time at the end of 2009 remains on track. Regarding our development project in Sihanoukville, Cambodia, we are in the stage of choosing the architects that will provide a suitable plan for our vision. We intend to start operating in Cambodia by the end of 2010. Despite our preliminary intention to have opened our Prague nightclub and gaming hall in the first half of 2008, there have been a number of design issues which have delayed the project and the opening is now expected to occur towards the end of this year.

Financial Review

Gross revenues for the first quarter 2008 grew by 16.5% to €54.5 million (2007: €46.8 million). Net revenues grew by 18.1% to €38.3 million (2007: €32.4 million). Gross gaming revenues grew 17% to €53.3 million (2007: €45.5 million); reflecting our ability to substantially increase win per visit in Casino Palace and continued increase in visitor numbers to Casino Loutraki, up by 14%. Ancillary revenues were consistent with the same period last year.

EBITDA for the first quarter stayed consistent with 2007(€15.1 million), with EBITDA margins reaching 39.3%. (2007: 46.5%)

Despite the positive increases in revenues during the period Group Ebitda was flat due to three main factors:

a. Changes in Greece to the accounting policy treatment for employees' social rights, meant QLI has had to book in the first quarter €1.3 million of additional costs relating to the rest of the year (Q2,Q3,Q4).

b. Increase in operating costs for agreed salary increases that were implemented in Loutraki during the second half of 2007 and in Rodos and Romania at the beginning of 2008.

c. Increase in head office expenses as a result of higher staff numbers and new costs relating to the company's stock market listing in London.

Net Profit for the first quarter decreased by 14.6% to 7.2M (2007: €8.4 Million). On top of the above factors that affected Ebitda, the adverse movement of the US$ against the Euro and the NIS, resulted in foreign exchange losses of nearly €1.1 million. The company keeps part of its cash funds in USD (for the Cambodia investment).

Basic and diluted pro forma EPS is 1.1¢ for the period (2007: 1.7¢) and earnings per GDR (each GDR representing 10 ordinary shares) were 11¢ (2007: 17¢).

Operational Review

Club Hotel Casino Loutraki ("Casino Loutraki")

Gross gaming revenues for the quarter grew 11.2% to €72.6 million (2007: €65.3 million), while net revenues grew by 10.1% to €48.8 million (2007: €44.3 million). This growth has been driven by the predominant increase in locals visiting, in addition to the number of visitors in the casino. We anticipate that growth will continue into the second quarter, as the casino will reap further benefits from last year's increase in the number of slot machines from 750 to 1,000. During the period, the casino generated EBITDA of €21.3 million, a decrease of 5.3% (2007: €22.5 million), with EBITDA margins of 43.7%. The explanation for the decrease is mainly due to the effects of the changes in the accounting policy of employees' social rights as described above (amounted to €1.6million), and salary increases that were implemented in the second half of 2007.

Importantly visitor numbers continue to increase, up 14% to 315K (2007: 277K). Casino Loutraki remains committed to continual improvement, and so in line with our strategy to widen our first-rate complementary services to 'VVIPs' we are increasing the number of suites in the hotel. This latest development also forms part of our strategy to target high rollers, an important route to revenue growth.

Casino Rodos

Gross gaming revenues for the quarter were €7.5 million (2007: €8.2 million), while net revenues were €5.3 million (2007: €5.7 million). In January, the end of Rodos' festive season, the casino was hit by heavy weather which impacted revenues during a traditionally weak period. Despite this, visit numbers were consistent with the comparative quarter and the drop went up. As a consequence of the revenue decrease together with the changes in the accounting policy of employees' social rights (amounted to €0.45million) and the salary increase at the beginning of 2008, the casino generated EBITDA of €0.8 million (2007: €2.2 million) and EBITDA margins of 14.2%.

We believe that in spite of this weak quarter, and due to the visits and drop performance, the positive trend of 2007 will continue in the rest of the year to a recovery trading in performance.

Casino Palace

This quarter has seen Casino Palace trading positively. Gross gaming revenues for the period grew 55% to €7.3million (2007: €4.7million), while net revenues grew by 56.4% to €7.1 million (2007: €4.5 million). EBITDA also increased by 120% to €4.1million, (2007: €1.9 million), reflecting the increasing growth in private wealth and disposable income amongst Romanians, and the contribution of our decision to switch to gaming in Euros from US Dollars on 1 September 2007. The latter has had the effect of reducing the risks of unfavourable exchange rates and also attracted more visitors who generally prefer gaming in Euros. EBITDA margins have also improved to 57.8% from 41.1%. Despite the fall in visit numbers by 8.8% to 29k (2007: 32k), win per visit has grown rapidly during the period by 70% to €252 (2007: €148).

We can also report that Casino Palace will begin, this year, the soft renovation of the casino includs opening a gourmet Asian restaurant. The opening of this gourmet restaurant will add yet another complementary facility, something which we hope will enhance our customers' unique gaming experiences.

Casino Beograd

The Grand Gala Opening of Beograd Casino took place on the 8th of February 2008. The number of tables and slot machines since then has increased to 25 and 220 respectively. Although the first quarter EBITDA for the casino resulted in a loss of €1 million, the impact on contributions to QLI was minimal. We remain optimistic however about the long term performance of Casino Beograd, and believe that from the second half of 2008 the EBITDA will improve as marketing efforts will help to generate more revenues.

New Projects

Progress in all of our new projects is continuing well. "Casino Constanta" in Romania remains on track, as we have now reached the design stage of development. After the approval of the authorities to the plan we will submit, we can start the renovation. We believe the physical work will start this year and the scheduled opening time at the end of 2009 remains on track. Several international architects have sent some proposals for designing according to our vision of the project in Sihanoukville, Cambodia, which will include a 5 star leisure resort hotel and casino. Our scheduled opening target is the end of 2010.

Despite our preliminary intention to have opened our Prague nightclub and gaming hall in the first half of 2008, there have been a number of design issues which have delayed the project. It is therefore more likely that we will open the operation by the end of the year.

Outlook

From our perspective this has been another good performance by the Group. We are focused on our key metrics of growing net gaming revenues, attracting increasing number of visitors to our casinos and growing win per visit numbers. This, coupled with the robustness of QLI's emerging market casino model and the resilience of the global gaming market, means we remain on track to deliver our targets for the year.

Dror Mizeretz
CEO, Queenco Leisure International Ltd
27 May 2008

Condensed consolidated statements of income
(In thousands of €)

	3 months ended 31 March		Year ended 31 December
	2008	**2007***	**2007***
	unaudited		
Revenue	38,315	32,433	142,895
Operating costs			
Cost of revenues	(16,332)	(12,632)	(56,838)
Selling and marketing expenses	(4,110)	(3,421)	(14,942)
General and administrative expenses	(5,375)	(3,513)	(18,008)
Other operating expenses	-	(36)	(492)
Share of results of associates	(594)	(246)	(1,351)
Operating profit	**11,904**	**12,585**	**51,264**
Investment income	569	149	4,933
Finance costs	(922)	(575)	(3,195)
Foreign exchange gain (loss)	(926)	(8)	(61)
Profit before tax	**10,625**	**12,151**	**52,941**
Tax	(3,426)	(3,722)	(15,407)
Profit for the period	**7,199**	**8,429**	**37,534**
Attributable to:			
Equity holders of the parent	3,993	5,372	25,138
Minority interests	3,206	3,057	12,396
	7,199	**8,429**	**37,534**
Earnings per share			
Basic (¢)	1.1	1.7	7.6
Diluted (¢)	1.1	1.7	7.5

* The 2007, and March 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 reported periods.

Condensed consolidated Balance sheets
(In thousands of €)

	As at		
	31 March		31 December
	2 0 0 8	2 0 0 7*	2 0 0 7*
	unaudited		
Non-current assets			
Intangible assets	13,486	5,014	13,746
Property, plant and equipment	93,193	84,382	92,672
Investment property	7,592	7,388	7,652
Interests in associates	12,691	31	13,019
Deferred tax asset	2,259	2,326	2,465
Other long term receivables	13,358	11,801	12,178
Total non-current assets	**142,579**	**110,942**	**141,732**
Current assets			
Inventories	682	512	782
Investments	4,377	963	8,894
Trade and other receivables	4,022	3,209	3,985
Cash and cash equivalents	86,550	44,013	76,011
Total current assets	**95,631**	**48,697**	**89,672**
Total assets	**238,210**	**159,639**	**231,404**
Current liabilities			
Accounts payable	(4,693)	(2,963)	(5,587)
Current tax liabilities	(13,606)	(13,134)	(11,314)
Other current liabilities	(25,308)	(34,613)	(25,974)
Bank overdraft and loans	(12,713)	(14,458)	(12,591)
Total current liabilities	**(56,320)**	**(65,168)**	**(55,466)**
Net current assets (liabilities)	**39,311**	**(16,471)**	**34,206**
Total assets less current liabilities	**181,890**	**94,471**	**175,938**
Non-current liabilities			
Long-term bank loans	(10,303)	(21,925)	(10,259)
Other long-term liabilities	(10,787)	(3,118)	(11,003)
Deferred tax	(3,417)	(1,106)	(3,471)
Provision for retirement benefits	(5,045)	(4,157)	(4,835)
Total non-current liabilities	**(29,552)**	**(30,306)**	**(29,568)**
Net assets	**152,338**	**64,165**	**146,370**

Shareholders' equity			
Share capital	62,512	44,173	62,512
Share premium	130,998	84,827	130,998
Translation reserve	1,477	2,534	1,828
Accumulated Deficit	(75,544)	(80,677)	(80,009)
Equity attributable to equity holders of the parent	**119,443**	**50,857**	**115,329**
Minority interest	**32,895**	**13,308**	**31,041**
Total Equity	**152,338**	**64,165**	**146,370**

The financial statements were approved by the board of directors and authorised for issue on 26 May 2008. They were signed on its behalf by:

Dror Mizeretz
Chief Executive Officer

Effy Aboudy
Chief Financial Officer

26 May 2008

* The 2007, and March 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 reported periods.

Condensed consolidated statements of changes in equity
(In thousands of €)

	Share Capital	Share Premium	Translation reserve	Retained Earnings	Parent	Minority Interest	Total Equity
For the three months ended 31 March 2008 (unaudited)							
Balance as at 1 January 2008	**62,512**	**130,998**	**1,828**	**(80,009)**	**115,329**	**31,041**	**146,370**
Translation differences	-	-	(351)	-	(351)	(29)	(380)
Expense resulting from grant of share options	-	-	-	472	472	-	472
Profit share due to the municipality of Loutraki	-	-	-	-	-	(1,323)	(1,323)
Profit for the period	-	-	-	3,993	3,993	3,206	7,199
Balance as at 31 March 2008	**62,512**	**130,998**	**1,477**	**(75,544)**	**119,443**	**32,895**	**152,338**
For the three months ended 31 March 2007 (unaudited)							
Balance as at 1 January 2007	**44,173**	**84,827**	**2,478**	**(86,049)**	**45,429**	**11,599**	**57,028**
Translation differences	-	-	56		56	(141)	(85)
Profit share due to the municipality of Loutraki	-	-	-	-	-	(1,207)	(1,207)
Profit for the period	-	-	-	5.372	5,372	3,057	8,429
Balance as at 31 March 2007	**44,173**	**84,827**	**2,534**	**(80,677)**	**50,857**	**13,308**	**64,165**

	Share Capital	Share Premium	Translation reserve	Retained Earnings	Parent	Minority Interest	Total Equity
For the year ended 31 December 2007 (unaudited)							
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**

* capital notes held with Milimor and Shachar Hamillenium (parent companies)
** representing 4 ₵ per share

Condensed consolidated cash flow statements
(In thousands of €)

	Notes	3 months ended 31 March 2008	3 months ended 31 March 2007*	Year ended 31 December 2007*
		unaudited	unaudited	
Net cash from operating activities	3	**10,813**	**11,215**	**46,280**
Investing activities				
Interest received		544	149	4,801
Purchases of property, plant and equipment		(2,424)	(864)	(9,983)
Purchase of other intangibles		-	-	(28)
Investment in an associate		(265)	-	(9,754)
Repayment of other long-term receivables		84	-	-
Purchases of trading investments		4,775	(100)	(7,923)
Instalments for the acquisition of a subsidiary		-	-	(714)
Loan to associate		(2,031)	(2,790)	(7,585)
Purchase of additional interest in joint venture entity		-	-	(2,153)
Net cash from (used in) investing activities		**683**	**(3,605)**	**(33,339)**
Financing activities				
Dividends paid to minority shareholders		-	-	(3,402)
Dividends		-	-	(8,752)
Repayments of borrowings		-	-	(11,730)
Receipt / (repayment) of other long term liabilities		33	171	3,285
Issue of shares, net of expenses		-	-	53,346
Share of profits paid to Municipality of Loutraki		(626)	(1,386)	(4,361)
Increase (decrease) in bank overdrafts		-	2,256	(250)
Net cash from (used in) financing activities		**(593)**	**1,041**	**28,136**
Net increase (decrease) in cash and cash equivalents		10,903	8,651	41,077
Effect of foreign exchange rate changes		(364)	123	(305)
Cash and cash equivalents at beginning of period		76,011	35,239	35,239
Cash and cash equivalents at end of period		**86,550**	**44,013**	**76,011**

* The 2007, and March 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 reported periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of Euro unless otherwise stated)

NOTE 1 - GENERAL INFORMATION

The unaudited Interim Condensed Consolidated Financial Statements ("Interim Consolidated Financial Statements") for the three month period ended 31 March 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 month period ended 31 March 2008, were approved by the Board of directors on 26 May 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 will be transferred to the ownership and control of the Company 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 31 March 2008, and for the three month period ended 31 March 2007, 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 on 30 April 2008, which are available from the Company's website.

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 3 (R)	Business Combinations
IFRS 8	Operating Segments
IAS 1 (R)	Presentation of Financial Statements
IAS 23 (R)	Borrowing Costs (March 2007)
IAS 27 (R)	Consolidated and Separate Financial Statements
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

The directors anticipate that the adoption of this Interpretation in future periods will have no material impact on the financial statements of the Group.

(in thousands of Euro unless otherwise stated)

NOTE 3 - NOTES TO THE CASHFLOW STATEMENTS

	3 months ended 31 March		Year ended 31 December
	2008	**2007**	**2007**
Profit before tax	**10,625**	**12,151**	**52,941**
Adjustments for:			
Depreciation of property, plant and equipment	2,004	2,237	8,315
Increase/(decrease) in provisions	(169)	1,424	670
Amortisation of intangible assets	262	271	1,219
Investment income	(569)	(149)	(4,933)
Finance costs	922	575	3,195
Foreign exchange gain (loss)	926	8	61
Profit from negative goodwill	-	-	(1,445)
Share of results of associates	594	246	1,351
Expense relating of grant of share options	472	-	954
	15,067	**16,763**	**62,328**
Operating cash flows before movements in working capital			
Decrease/(increase) in inventories	96	62	(196)
Decrease/(increase) in receivables	411	(92)	(399)
Increase/(decrease) in payables	(3,862)	(2,834)	472
Cash generated by operations	**11,712**	**13,899**	**62,205**
Income taxes paid	(733)	(2,160)	(14,717)
Interest paid	(166)	(524)	(1,208)
Net cash from operating activities	**10,813**	**11,215**	**46,280**

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.

NOTE 5 – EVENTS AFTER THE BALANCE SHEET DATE

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

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 be paid on 19 June 2008 to ordinary shareholders register on 10 June 2008.

NOTE 6 – RELATED PARTY TRANSACTIONS

During the period expenses of approximately € 340 thousand were recognised in regards to remuneration of the Chairman and controlling ultimate shareholder Mr Zilckha. Of this amount approximately € 230 thousand was awarded retrospectively for the second half of 2007.