26 November 2008

Queenco Leisure International Ltd

(the "Group" or "QLI"),

Third Quarter Results for the three months ended 30 September 2008

Queenco Leisure International Ltd, the emerging markets casino developer and operator, is pleased to report its third quarter results for the three months ended 30 September 2008.

Financial Highlights

- Gross revenues were €48.0 million (2007: €56.3 million)
- Net Revenues were €33.5 million (2007: €39.6 million)
- EBITDA was €12.2 million (2007: €17.9 million)
- Profit before tax was €9.3 million (2007: €17.9 million)
- EPS was 1.0¢ (2007: 2.9¢)
- Earnings per GDR (each GDR representing 10 ordinary shares) was 10¢ (2007: 29¢)
- Robust balance sheet with net current assets of €21.3 million as at 30 September 2008

Operating Highlights

- Global economic environment impacting gaming revenues worldwide
- Despite market conditions, Loutraki continues to attract increased visits
- Focus on long term customer loyalty through continued investment in marketing activities
- Appointment of Uri Ben-Ari as Chief Executive Officer in September 2008 and Neomi Enoch as Chief Financial Officer in November 2008
- Reviewing the current pipeline of investment projects in the context of the current market environment

Uri Ben-Ari, Chief Executive Officer of QLI, commented,

"During the third quarter our customers continued to visit our casinos, though the trading environment has changed dramatically since last year and this is reflected in the lower win per visitor, contributing to both lower revenue and EBITDA this quarter.

"Our primary focus in this market environment is to maintain customer loyalty as this is key to the Group's long term growth. We have continued to invest in marketing activities across the Group and in our largest casino, Loutraki, visits increased during the period.

"We remain positive about the longer term outlook for gaming in emerging markets; however, we also recognise the importance of preserving our cash resources whilst expanding the business on a highly selective basis in projects where we believe we can generate attractive returns on capital.

"I am personally looking forward to working closely with QLI's experienced teams and further developing the Group's undoubted potential."

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 Time) and 6.00am (Pacific Time) today. The call can be accessed by dialling:

UK Freephone:	T: 0800-917-5108
US Freephone:	T: +1-888-407-2553
International:	T: +972 3 918-0687
Israel:	T: 03-918-0687

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:

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Chief Executive's Review

Introduction

I am pleased to be making my first report to shareholders following my appointment as CEO in September 2008. The Group is in a good financial position, with three cash generative casino operations and a robust balance sheet with net current assets of €21.3 million. While the current trading environment is challenging, the longer term opportunity to exploit the growth in licensed gaming through QLI's emerging markets casino model remains unchanged.

In line with trends across the gaming industry, trading for the third quarter 2008 was affected by the current downturn. Gross revenues for the period were down by 15%, however, gross revenues for the nine months to 30 September 2008 are still slightly ahead of the comparable period in 2007. Customers continued to visit our casinos, in particular in Loutraki which saw visitor numbers increase during the period. Despite this, win per visit across the portfolio decreased, reflecting customers' caution in the current environment.

The key to sustaining the strength of the business during more challenging economic times is to focus on customer retention. We have maintained our investment in marketing activities such as loyalty programmes and complimentary services to ensure customers continue to enjoy the same high level of service. At the same time we are reviewing our pipeline of new developments to ensure that each future project is able to generate attractive returns in the current market environment.

Summary of financial performance

Results for the nine months ended 30 September 2008

Gross revenues grew to €151.3 million (2007: €149.4 million), an increase of 1.3% whilst net revenues grew by 2% to €105.8 million (2007: €103.7 million). EBITDA reduced to €39.3 million (2007: €44.7 million), mainly due to increased payroll and marketing costs in the casino operations. Net profit was €17.7million (2007: €27.5million). The Group kept part of its cash funds in US dollars and Euros in order to fund its development projects. Adverse movement of the US dollar and the Euro against the New Israeli Shekel resulted in losses of €2.6 million.

Basic earnings per share was 2.8¢ (2007: 5.6¢) and earnings per GDR (each GDR representing 10 ordinary shares) were 28¢ (2007: 56¢)

Results for the three months ended 30 September 2008

Gross revenues were €48.0 million (2007: €56.3 million), a decrease of 14.9%, whilst net revenues decreased by 15.3% to €33.5 million (2007: €39.6 million). As previously indicated, revenue and profits were affected by the general economic slowdown and while customers continued to visit our casinos, spend per head was down. EBITDA was €12.2 million (2007: €17.9 million) a decrease of 32.1% mainly due to the reduction in net revenue. Net profit was €5.7 million (2007: €13.7 million).This decrease was caused by a decline in EBITDA and a further decrease in investment revenue.

Basic earnings per share was 1.0¢ (2007: 2.9¢) and earnings per GDR was 10¢ (2007: 29¢).

Operational Review

Results by casino for the nine months ended 30 September 2008

Casino	Net Revenue (EURm)		EBITDA (EURm)		Visitors (000's)		Win per Visitor (EUR)		QLI's Economic Interest
	2008	2007	2008	2007	2008	2007	2008	2007	
Loutraki	133.8	139.1	59.1	68.4	872	821	225	247	38.5%
Rodos	19.3	20.4	6.2	8.7	130	133	208	217	91.6%
Palace	16.7	13.7	6.1	4.7	80	86	215	159	83.3%

*Loutraki is consolidated in the report at 53% between January and June 2008 and 50% onwards, while the results of Rodos and Palace are fully consolidated.
** The results of Casino Beograd are incorporated in Loutraki.

Results by Casino for the three months ended 30 September 2008

Casino	Net Revenue (EURm)		EBITDA (EURm)		Visitors (000,s)		Win per Visitor (EUR)		QLI's Economic Interest
	2008	2007	2008	2007	2008	2007	2008	2007	
Loutraki	42.5	49.4	18.4	23	285	283	215	251	38.5%
Rodos	7.6	8.9	3.3	4.4	55	58	194	217	91.6%
Palace	4.5	5.8	0.6	2.5	25	27	189	218	83.3%

*Loutraki is consolidated in the report as 50% while the results of Rodos and Palace are fully consolidated.
** The results of Casino Beograd are incorporated in Loutraki.

Club Hotel Casino Loutraki ("Casino Loutraki")

Casino Loutraki, our largest casino which attracts over one million customers per annum, increased visitor numbers by 1% during this challenging third quarter period reflecting the benefits of its investment in new gaming facilities and complementary services. However, average win per visit was down by 14.3% which was reflected in the casino's financial performance. Gross gaming revenues for the three months ended 30 September 2008 decreased by 13.6% to €61.3 million (2007: €71.0 million), while net revenues decreased by 13.9% to €42.5 million (2007: €49.4 million).

During the third quarter period, the casino generated EBITDA of €18.4 million, a decrease of 19.8% (2007: €23.0 million), mainly due to the fall in net revenue.

Casino Beograd

Casino Loutraki holds a 39% holding in Casino Beograd which for the three months ended 30 September 2008 reported negative EBITDA of €0.8 million. Casino Beograd became fully operational in February 2008

Casino Rodos

Casino Rodos, the only casino on the holiday island of Rhodes, was also affected by the general slowdown. Gross gaming revenues for the three months ended 30 September 2008 decreased by 15.3% to €10.6 million (2007: €12.5 million), while net revenues decreased by 14.3% €7.6 million (2007: €8.9 million). The decrease in the net revenue resulted in EBITDA of €3.3 million, a decrease of 25.9% (2007: €4.4 million).

Casino Rodos is ideally suited to the high roller market, which is why the Group is currently investing €3 million in acquiring and refurbishing a private jet in order to expand our ability to offer private air travel to VVIPs. The plane is expected to be ready in March 2009.

Casino Palace

The gaming environment in Bucharest remains competitive. Despite this, Casino Palace has performed strongly in 2008, focusing its marketing efforts on attracting high rollers. While revenues for the first nine months of 2008 have been very positive, trading in the third quarter has been affected by the slowdown. Gross gaming revenues for the period were down 20.4% to €4.7 million (2007: €5.9 million), while net revenues were €4.5 million (2007: €5.8 million).

For the three months to 30 September 2008 the casino generated EBITDA of €0.6 million (2007: €2.5 million), reflecting the fall in net revenues and the largely fixed structure of gaming tax in Romania.

For the first nine months of 2008, there was a decrease of 6.9% in the number of visits, however, the win per visit increased by 35.4% supported by the change from Dollar table games to Euro table games in September 2007. Looking ahead, the casino has acquired land opposite to develop a boutique hotel to attract and accommodate high rollers.

People

In September 2008, I was appointed as Chief Executive Officer, and in November 2008 Neomi Enoch became Chief Financial Officer. Neomi and I are both very excited at having joined a very talented team and look forward to working closely with all employees to develop the business further.

The experience that the management teams have across the portfolio is extensive, enabling QLI to face the challenges of the current climate and position us for long term future growth. On behalf of the Board I would like to thank all employees for their continued dedication and hard work and in particular Dror Mizeretz and Effy Aboudy who stepped down as Chief Executive Officer and Chief Financial Officer.

Projects

QLI remains committed to the strategy of growing its pipeline of new project developments. Given the current economic outlook, we believe it is prudent to review each investment project to ensure that they continue to meet our expectations in order to protect our balance sheet, whilst at the same time laying solid foundations for growth.

The new nightclub and gaming hall in Prague, is being developed as part of a new entertainment centre concept under the SaSaZu brand and is expected to open in 2009. The new venue will include a nightclub, slot machines, an Asian themed restaurant and garden café.

Development has started on “Casino Constanta” in Romania, a historic building with a 49 year lease. We have also recently acquired one square kilometre of land adjacent to the casino for €1.6 million which we intend to develop as a luxury hotel for high rollers. The timing and scope of this development is part of the overall review on new projects.

In Sihanoukville, Cambodia, we have submitted design proposals for the first stage in establishing a beachfront resort and casino. At the same time we are reviewing the development timeframe in the context of the current market environment.

Outlook

While the outlook for the gaming industry remains tough and we have no doubt that the future holds further challenges. The Group is supported by a strong balance sheet providing the necessary financial resources to operate and invest in the casinos as well as offering the potential to take advantage of any opportunities should they arise. Our strategy for the near future is focused on maintaining customer loyalty and preserving the strength of the Group’s financial position.

Longer term, we continue to believe in QLI’s ability to generate significant shareholder returns from exploiting the substantial growth in licensed gaming across emerging markets.

Consolidated statements of income
(In thousands of €)

	3 months ended 30 September		9 months ended 30 September		Year ended 31 December
	2008	**2007**	**2008**	**2007***	**2007***
	Unaudited	**unaudited**	**unaudited**	**unaudited**	
Revenue	33,486	39,556	105,804	103,747	142,895
Operating costs					
Cost of revenues	(15,347)	(14,397)	(46,394)	(40,755)	(56,838)
Selling and marketing expenses	(3,857)	(4,266)	(11,761)	(10,982)	(14,942)
General and administrative expenses	(4,190)	(5,353)	(15,358)	(14,058)	(18,008)
Other operating expenses	-	-	-	(108)	(492)
Share of results of associates	(552)	(310)	(1,692)	(723)	(1,351)
Operating profit	**9,540**	**15,230**	**30,599**	**37,121**	**51,264**
Investment income	1,007	3,402	2,504	3,949	4,933
Finance costs	(1,095)	(984)	(2,265)	(2,197)	(3,195)
Foreign exchange gain (loss)	(114)	211	(2,581)	(80)	(61)
Profit before tax	**9,338**	**17,859**	**28,257**	**38,793**	**52,941**
Tax	(3,664)	(4,132)	(10,545)	(11,323)	(15,407)
Profit for the period	**5,674**	**13,727**	**17,712**	**27,470**	**37,534**
Attributable to:					
Equity holders of the parent	3,445	10,295	9,992	18,212	25,138
Minority interests	2,229	3,432	7,720	9,258	12,396
	5,674	**13,727**	**17,712**	**27,470**	**37,534**
Earnings per share					
Basic (¢)	1.0	2.9	2.8	5.6	7.6
Diluted (¢)	1.0	2.8	2.8	5.5	7.5

* The December 2007 and nine months ended September 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 September		31 December
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	unaudited	unaudited	
Non-current assets			
Intangible assets	8,403	14,120	13,746
Property, plant and equipment	105,788	90,344	92,672
Investment property	7,050	7,712	7,652
Interests in associates	11,945	7,430	13,019
Deferred tax asset	2,127	2,659	2,465
Other long term receivables	12,234	11,383	12,178
Total non-current assets	**147,547**	**133,648**	**141,732**
Current assets			
Inventories	754	604	782
Investments	2,466	8,833	8,894
Trade and other receivables	5,112	4,147	3,985
Cash and cash equivalents	71,584	71,106	76,011
Total current assets	**79,916**	**84,690**	**89,672**
Total assets	**227,463**	**218,338**	**231,404**
Current liabilities			
Accounts payable	(4,638)	(4,097)	(5,587)
Current tax liabilities	(7,308)	(10,998)	(11,314)
Other current liabilities	(29,560)	(23,405)	(25,974)
Bank overdraft and loans	(17,078)	(12,725)	(12,591)
Total current liabilities	**(58,584)**	**(51,225)**	**(55,466)**
Net current assets	**21,332**	**33,465**	**34,206**
Total assets less current liabilities	**168,879**	**167,113**	**175,938**
Non-current liabilities			
Long-term bank loans	(9,444)	(11,117)	(10,259)
Other long-term liabilities	(7,037)	(9,616)	(11,003)
Deferred tax	(1,818)	(3876)	(3,471)
Provision for retirement benefits	(5,229)	(4,770)	(4,835)

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

	As at		
	30 September		**31 December**
	2008	**2007**	**2007**
	unaudited	**unaudited**	
Shareholders' equity			
Share capital	62,512	62,512	62,512
Share premium	130,998	130,998	130,998
Translation reserve	4,458	2,600	1,828
Other reserves	(7,950)	-	-
Accumulated Deficit	(74,796)	(87,417)	(80,009)
Equity attributable to equity holders of the parent	**115,222**	**108,693**	**115,329**
Minority interest	**30,129**	**29,041**	**31,041**
Total Equity	**145,351**	**137,734**	**146,370**
Total non-current liabilities	**(23,528)**	**(29,379)**	**(29,568)**
Net assets	**145,351**	**137,734**	**146,370**

The financial statements were approved by the board of directors and authorised for issue on 25 November 2008. They were signed on its behalf by:

Neomi enoch
Chief Financial Officer

Uri Ben - Ari
Chief Executive Officer

25 November 2008

Consolidated statements of changes in equity
(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 September 2008 (unaudited)								
Balance as at 1 January 2008	**62,512**	**130,998**	**1,828**	**-**	**(80,009)**	**115,329**	**31,041**	**146,370**
Translation differences	-	-	2,630	-	-	2,630	(108)	2,522
Expense resulting from grant of share options	-	-	-	-	1,508	1,508	-	1,508
Reverse of expense resulting from options granted to former CEO	-	-	-	-	(280)	(280)	-	(280)
Profit share due to the municipality of Loutraki	-	-	-	-	-	-	(3,393)	(3,393)
Loss on cashflow hedge	-	-	(86)	-	-	(86)	-	(86)
Release of cashflow hedge to fixed asset	-	-	86	-	-	86	-	86
Exercise of option for purchase of minority interest (see note 4)	-	-	-	(7,950)	-	(7,950)	-	(7,950)
Net income for the period	-	-	-	-	9,992	9,992	7,720	17,712
Dividend *	-	-	-	-	(6,007)	(6,007)	(5,131)	(11,138)
Balance as at 30 September 2008	**62,512**	**130,998**	**4,458**	**(7,950)**	**(74,796)**	**115,222**	**30,129**	**145,351**
For the period beginning 1 July 2008 and ending 30 September 2008 (unaudited)								
Balance as at 1 July 2008	**62,512**	**130,998**	**2,423**	**(7,950)**	**(78,472)**	**109,511**	**29,185**	**138,696**
Translation differences	-	-	1,769	-	-	1,769	(287)	1,482
Expense resulting from grant of share options	-	-	-	-	511	511	-	511
Reverse of expense resulting from options granted to former CEO	-	-	-	-	(280)	(280)	-	(280)
Profit share due to the municipality of Loutraki	-	-	-	-	-	-	(998)	(998)
Profit on cashflow hedge	-	-	180	-	-	180	-	180
Release of cashflow hedge to fixed asset	-	-	86	-	-	86	-	86
Net income for the period	-	-	-	-	3,445	3,445	2,229	5,674
Balance as at 30 September 2008	**62,512**	**130,998**	**4,458**	**(7,950)**	**(74,796)**	**115,222**	**30,129**	**145,351**

Consolidated statements of changes in equity (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 September 2007 (unaudited)							
Balance as at 1 January 2007	**44,173**	**84,827**	**2,478**	**(86,049)**	**45,429**	**11,599**	**57,028**
Translation differences	-	-	122	-	122	51	173
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		-	-	472	472	-	472
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)	(3,495)	(12,247)
Profit share due to the municipality of Loutraki	-	-	-	-	-	(3,656)	(3,656)
Net income for the period*	-	-	-	18,212	18,212	9,258	27,470
Balance as at 30 September 2007	**62,512**	**130,998**	**2,600**	**(87,417)**	**108,693**	**29,041**	**137,734**

* The nine months ended September 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 statements of changes in equity (cont')

(In thousands of €)

For the period beginning 1 July 2007 and ending 30 September 2007 (unaudited)	**Share Capital**	**Share Premium**	**Translation reserve**	**Accumulated deficit**	**Parent**	**Minority Interest**	**Total Equity**
Balance as at 1 July 2007	**55,337**	**84,827**	**2,445**	**(98,184)**	**44,425**	**11,618**	**56,043**
Translation differences	-	-	155	-	155	(131)	24
Capital issue	7,175	46,171	-	-	53,346	-	53,346
Expense resulting from grant of share options	-	-	-	472	472	-	472
Conversion of capital notes to equity	-	-	-	-	-	9,816	9,816
Purchase of minority interest	-	-	-	-	-	5,468	5,468
Dividend	-	-	-	-	-	(38)	(38)
Profit share due to the municipality of Loutraki	-	-	-	-	-	(1,124)	(1,124)
Net income for the period	-	-	-	10,295	10,295	3,432	13,727
Balance as at 30 September 2007	**62,512**	**130,998**	**2,600**	**(87,417)**	**108,693**	**29,041**	**137,734**

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 €)

	Note	3 months ended 30 September		9 months ended 30 September		Year ended 31 December
		2008	2007	2008	2007*	2007*
		Unaudited	unaudited	unaudited	unaudited	
Net cash from operating activities	3	**11,459**	**12,633**	**24,067**	**30,629**	**46,280**
Investing activities						
Interest received		1,173	1,967	2,635	2,514	4,801
Purchases of property, plant and equipment		(11,039)	(2,629)	(18,507)	(5,481)	(9,983)
Purchase of other intangibles		(11)	-	(35)	(6)	(28)
Investment in an associate		-	(2,895)	(1,367)	(7,560)	(9,754)
Repayment of other long-term receivables		(41)	-	45	-	-
Loans to other long-term receivables		(451)	-	(563)	-	-
Advances on fixed assets		(2,448)	-	(2,448)	-	-
Sale / (Purchase) of trading investments		1,922	(7,864)	6,865	(7,964)	(7,923)
Instalments for the acquisition of a subsidiary		(2,964)	(714)	(2,964)	(714)	(714)
Loans made to associates		-	(60)	-	(1,963)	(7,585)
Sale of interest in joint venture entity		865	-	865	-	-
Purchase of additional interest in joint venture entity		-	(2,153)	-	(2,153)	(2,153)
Net cash used in investing activities		**(12,994)**	**(14,348)**	**(15,474)**	**(23,327)**	**(33,339)**
Financing activities						
Dividends paid to minority shareholders		-	-	(5,131)	(3,382)	(3,402)
Dividends		-	(8,752)	(6,007)	(8,752)	(8,752)
Repayments of borrowings		(910)	(11,208)	(11,510)	(11,208)	(11,730)
Receipt of other long term liabilities		-	58	33	1,916	3,285
(Repayment) of other long term liabilities		(1,278)	-	(1,278)	-	-
Issue of shares, net of expenses		-	53,346	-	53,346	53,346
Share of profits paid to Municipality of Loutraki		-	(769)	(3,871)	(3,301)	(4,361)
Increase (decrease) in bank overdrafts		(66)	(2,707)	15,930	(254)	(250)
Net cash from (used) in financing activities		**(2,254)**	**29,968**	**(11,834)**	**28,365**	**28,136**
Net increase (decrease) in cash and cash equivalents		(3,789)	28,253	(3,241)	35,667	41,077
Effect of foreign exchange rate changes		(1,797)	575	(1,186)	200	(305)
Cash and cash equivalents at beginning of period		77,170	42,278	76,011	35,239	35,239
Cash and cash equivalents at end of period		**71,584**	**71,106**	**71,584**	**71,106**	**76,011**
Tax cash flow		(5,992)	(5,191)	(13,717)	(10,971)	(14,717)
Interest paid		-	-	(852)	(513)	(1,208)

* The December 2007 and nine months ended September 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 nine month periods ended 30 September 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 nine month periods ended 30 September 2008, were approved by the Board of directors on 25 November 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 September 2008, and for the three and nine month period ended 30 Septmeber 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.

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

In addition there are several other amendments to a number of standards from the Annual Improvements program.

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 September		9 months ended 30 September		Year ended 31 December
	2008	**2007**	**2008**	**2007**	**2007**
	unaudited	**unaudited**	**unaudited**	**unaudited**	
Profit before tax	**9,338**	**17,859**	**28,257**	**38,793**	**52,941**
Adjustments for:					
Depreciation of property, plant and equipment	1,872	1,939	5,852	6,373	8,315
Increase (decrease) in provisions	134	385	564	652	670
Amortisation of intangible assets	172	271	703	812	1,219
Investment income	(1,007)	(1,958)	(2,504)	(2,505)	(4,933)
Finance costs	1,095	984	2,265	2,197	3,195
Foreign exchange gain (loss)	114	(211)	2,581	80	61
Profit from negative goodwill	-	(1,445)	-	(1,445)	(1,445)
Expense relating of grant of share options	231	472	1,228	472	954
Share of results of associates	552	310	1,692	723	1,351
	12,501	**18,606**	**40,638**	**46,152**	**62,328**
Operating cash flows before movements in working capital					
Decrease (increase) in inventories	(69)	(43)	1	(10)	(196)
Decrease (increase) in receivables	517	86	316	(1,391)	(399)
Increase (decrease) in payables	4,502	(825)	(2,319)	(2,638)	472
Cash generated by operations	**17,451**	**17,824**	**38,636**	**42,113**	**62,205**
Income taxes paid	(5,992)	(5,191)	(13,717)	(10,971)	(14,717)
Interest paid	-	-	(852)	(513)	(1,208)
Net cash from operating activities	**11,459**	**12,633**	**24,067**	**30,629**	**46,280**

Increase in interest in proportionally consolidated entity

	3 months ended 30 September		9 months ended 30 September		Year ended 31 December
	2008	**2007**	**2008**	**2007**	**2007**
	Unaudited	**unaudited**	**unaudited**	**unaudited**	
Consideration paid	-	(3,500)	-	(3,500)	(3,500)
Less: cash received	-	1,347	-	1,347	1,347
Investment in subsidiary	**-**	**(2,153)**	**-**	**(2,153)**	**(2,153)**

Decrease in interest in proportionally consolidated entity

	3 months ended 30 September		9 months ended 30 September		Year ended 31 December
	2008	**2007**	**2008**	**2007**	**2007**
	Unaudited	**unaudited**	**unaudited**	**unaudited**	
Consideration paid	(2,010)	-	(2,010)	-	-
Less: cash received	2,875	-	2,875	-	-
Investment in subsidiary	**865**	**-**	**865**	**-**	**-**

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 11 September 2008 the Board of Directors of the Company approved share options for the CEO of the company for1.5% shares of the company at € 0.8 per option. These options vest in 4 equal tranches, vesting each year from 1 January 2010 through to 1 January 2013. The Company has not completed its valuation of these ,options nor the share options plan, .

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 September 2008 the Greek government authorised a tax reform. The corporate income tax rate change as follows

2009 - 25% (same as 2008)
2010 - 24%
2011 - 23%
2012 - 22%
2013 - 21%
2014 and thereafter - 20%

In addition Dividends will be taxed with a 10% rate unless the parent company is incorporated in another EU country, in which case the tax will be deducted only for the shareholders incorporated in Greece or in countries outside the EU (and the same for individuals). This tax will be deducted not only from dividends but from any payment made to shareholders, members of BOD or employees through the year end appropriation account.

Exercise of option granted to Club Hotel

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. This option was exercised on 20 August 2008. See note 9 to the 2007 financial statements for further details.

Following the exercise of this option, the economic interest in the Loutraki project stands at 38%.

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 2002 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.

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 38.5%.

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. A remaining € 265 million 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 38.5% to 34.1% as opposed to 29.2% had the option not been exercised.

NOTE 5 – RELATED PARTY TRANSACTIONS

During the period, expenses of approximately € 315 thousand were recognised in regards to remuneration of the Chairman and ultimate controlling shareholder Mr Zilckha. Of this amount, approximately € 126 thousand was awarded retrospectively for the second half of 2007.

NOTE 6 – CONTINGENT LIABILITIES

During the third quarter the following claims were submitted against the Group. Management believe that these claim are unlikely to be successful and have not provided for them in the financial statements.

(1) There is a claim from Municipality of Loutraki (DAET) of € 1,773 thousand regarding the computation of its share of profits as the Municipality claims that prior year tax audit differences should not be included in their share of profits.

(2) There are two claims by the former financial director of JV DAET - CHL S.A. via his company "Financial Management Consultants Euro Ltd" for a total amount of € 6,998 thousand The latter claims that certain financial consulting services provided to CHL S.A. and JV DAET - CHL S.A. during the years 1999 to 2006 were not paid.

NOTE 7 – CAPITAL COMMITMENTS

A subsidiary of the Group has a commitment to pay the last installment of the airplane amounting to $ 780 thousand (€ Euro 576 thousand). This instalment was paid on 7 October 2008. Further the group has signed a contract to renovate the plane amounting to GBP 900 thousand. As of 30 September 2008 an amount of GBP 279 thousand (€ 348 thousand) has been paid..

NOTE 8 – RECLASSIFICATION OF PURCHASE PRICE ALLOCATION

On 30 September 2007 QLI acquired a minority interest. The purchase price allocation ("PPA") had not been completed by publication of the accounts. The comparative information for September 2007 have been restated to reflect the completed PPA. The effect on the 2007 income statement and balance sheet is presented below.

	3 months ended 30 September 2007			9 months ended 30 September 2007		
	Previous	**Effect**	**Current**	**Previous**	**Effect**	**Current**
Investment income	1,957	1,445	3,402	2,504	1,445	3,949
As at 30 September 2007						
Intangible assets	7,563	6,557	14,120			
deferred tax	(909)	(2,967)	(3,876)			
Working capital	(21,961)	(1,444)	(23,405)			
Non-current assets	91,045	(701)	90,344			

NOTE 9 – EVENTS AFTER THE BALANCE SHEET DATE

On 2 November 2008 the Board of Directors of the Company approved share options for two further executives for a total of 1.1% shares of the Company at € 0.8 per option. These options vest in equal trenches, vesting each year from 1 January 2010 through to 1 January 2013. The Company has not completed its valuation of these options nor the options plan.