28 August 2009

Queenco Leisure International Ltd.
(the “Group” or “QLI”),

Financial Results for the three and six months ended 30 June 2009

Queenco Leisure International Ltd. (LSE: QLI), the emerging markets developer and owner of entertainment centers, is pleased to report its results for the three month and six month periods ended 30 June 2009.

Financial Highlights for the Six Month Period

- Gross revenues were €81.9 million (2008: €103.4 million)
- Net revenues were €57.9 million (2008: €72.3 million)
- EBITDA was €11.8 million (2008: €27.4 million)
- Profit before tax was €6.6 million (2008: €18.9 million)
- EPS was 0.3¢ (2008: 1.9¢); Earnings per GDR (1 GDR = 10 ordinary shares) was 3¢ (2008: 19¢)
- Net cash position of €30.7 million as at 30 June 2009

Operating and Business Highlights

- Increased total number of visits to 830,000 (2008: 800,000), a key management focus during the current economic environment
- Decrease in win per visitor across the Group, while expenses remain relatively fixed
- Focused on maintaining customer loyalty by providing high level of service
- Restructuring of the organization to implement cost reduction programmes at each casino
- Growth strategy focused on the execution of QLI’s existing pipeline of new projects and the development of strategic partnerships, as well as acquisition of existing casino operations
- Y.Z. Queenco, parent company of QLI, announced that it is exploring the possibility of a merger between the two companies
- Following appointment of Itay Koppel as new CFO, executive management team in place to develop the business

Ron Be’ery, Executive Chairman of QLI, commented on the six months results:

"I am pleased that we increased our total number of visits from 800,000 to 830,000, despite the worldwide recession. Although our customers are currently spending less, we continue to deliver the same high quality level of service, which is key to retaining customer loyalty ahead of an anticipated economic recovery. Importantly, Loutraki, Rhodes and Bucharest generate positive cashflow, while our new operations in Belgrade and Prague are attracting a growing numbers of visitors.

"Despite the difficulty in reducing operating costs while maintaining the same level of services provided to our guests, all projects have implemented cost reduction programmes, partly through a restructuring process in the casinos. Organisational changes are being implemented through cost reduction and efficiency programmes, and we hope to see the results of the changes in the second half of 2009."

Copies of the analyst / investor presentation, accompanying these results are available for download on Queenco Leisure International Limited’s investor relations website: www.queenco.com

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Executive Chairman's Review

Introduction

I am pleased to present QLI's financial results for the three and six month periods ended 30 June 2009.

While the current environment is reducing our headline performance numbers, the Group remains in a good position with three well established, cash generating properties, together with two more recently opened properties and a pipeline of future projects. Win per visit has declined in line with trends across the gaming industry as consumer spending has fallen, however, as we have mentioned previously, the priority for the Group during these challenging economic conditions is to maintain customer loyalty through the quality of service we provide. During the first half of the year, we have increased the total number of visits in our casinos from 800,000 to 830,000, a testament to our casino managements' industry expertise and knowledge of the local cliental, as well as the ability of our new operations to grow their customer base, despite the recession.

We continue to offer the same high quality experience to which our guests are accustomed, despite the implementation of cost cutting plans throughout our properties, and believe that achieving a balance between the two in the foreseeable future is key to ensuring the Company's future success when the economy recovers and consumer confidence returns.

Summary of financial performance

Results for the six months ended 30 June 2009 compared to the respective corresponding period in 2008:

Gross revenues were €81.9 million (2008: €103.4 million), whilst net revenues were €57.9 million (2008: €72.3 million), reflecting the impact the economic downturn has had on our business. Despite an increase in the Group's total number of visits, a number of external factors affected our bottom line, mainly the drop in consumer confidence resulting in our customers spending less. A decrease in net revenue, together with the increase in operational expenses, primarily due to higher than expected operational costs at SaSaZu, our new project in Prague, and the initial consolidation of Casino Beograd, following the purchase of an additional 51% of Grand Casino d.o.o. Beograd from Casino Austria AG, led to an EBITDA for the six months ended 30 June 2009 of €11.8 million (2008: €27.4 million). Having been focused on maintaining service levels in all of our casinos, the cost of revenue for the Group has increased by 9.4% to €32.5 million (2008: €29.7million), however the Group is now implementing cost reduction programmes, aimed at cutting general and administrative expenses in each of our projects.

Basic earnings per share were 0.3¢ (2008: 1.9¢) and earnings per GDR (each GDR representing 10 ordinary shares) were 3¢ (2008: 19¢).

Results for the three months ended 30 June 2009 compared to the respective corresponding period in 2008:

Gross revenues were €38.3 million (2008: €48.9 million), whilst net revenues were €26.8 million (2008: €34.0 million), a decline mainly attributed to the 21.4% drop in net revenue at Casino Loutraki following a 19.9% decline in win per visit during the period, despite maintaining guest numbers at broadly similar levels. EBITDA was €4.7 million (2008: €12.3 million) a decrease of 61.8 % mainly caused by the lower net revenues, as well as operational expenses at SaSaZu in Prague.

Basic earnings per share were -0.3 ¢ (2008: 0.7¢) and earnings per GDR were -3¢ (2008: 7¢).

Operational Review

Results by casino for the three months ended 30 June 2009 *compared to the respective corresponding period in 2008:*

Casino	Gross Gaming Revenue (EUR m)		Net Revenue (EURm)		EBITDA (EURm)		Guests (000's)		Gross Win per Visit (EUR)		QLI's Economic Interest
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	
Loutraki	48.5	62.4	33.4	42.5	11.4	18.3	263	271	184	230	38.5%
Rodos	7.7	9.1	5.5	6.4	1.7	2.2	37	40	207	228	91.6%
Palace	3.0	5.3	2.8	5.1	(0.7)	1.4	26	26	112	200	83.3%
Belgrade	2.9	2.9	2.7	2.6	(0.5)	(1.7)	66	48	44	62	34.6%

Results by casino for the six months ended 30 June 2009 *compared to the respective corresponding period in 2008:*

Casino	Gross Gaming Revenue (EUR m)		Net Revenue (EURm)		EBITDA (EURm)		Guests (000's)		Win per Visit (EUR)		QLI's Economic Interest
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	
Loutraki	105.5	135.0	72.2	91.3	21.0	39.6	571	587	185	230	38.5%
Rodos	14.7	16.5	10.4	11.7	2.2	2.9	69	76	213	218	91.6%
Palace	9.9	12.6	9.5	12.2	2.7	5.5	55	55	179	227	83.3%
Belgrade	5.6	6.1	5.1	5.3	(1.3)	(2.7)	133	83	42	74	34.6%

+*Loutraki is consolidated in the report at 50% (Q1 2008: 53%), while the results of Rodos and Palace are fully consolidated.
** The results of Casino Beograd are incorporated in Loutraki under the equity method of accounting until 31 March 2009, while the balance sheet is consolidated at 100% in Loutraki's financial statements starting at 31 March 2009.

Club Hotel Casino Loutraki ("Casino Loutraki")

Results for the six months ended 30 June 2009 compared to the respective corresponding period in 2008:

Gross gaming revenues for the six months ended 30 June 2009 were €105.5 million (2008: €135.0 million), while net revenues were €72.2 million (2008: €91.3 million). Over the year the property generated EBITDA of €21.0 million (2008: €39.6 million), a decrease mainly caused by the fall in net revenue and the need to maintain the same high level of service despite the reduced spending per visitor.

Casino Loutraki continued to attract guests in high numbers with 571,483 visits (2008: 586,716) making visitor rates broadly consistent with the corresponding period last year. Win per visit for the period declined by 19.9%, resulting from the lower spending in the current environment.

Results for the three months ended 30 June 2009 compared to the respective corresponding period in 2008:

Gross gaming revenues for the three months ended 30 June 2009 were €48.5 million (2008: €62.4 million), while net revenues were €33.4 million (2008: €42.5 million). In the second quarter, Casino Loutraki generated EBITDA of €11.4 million (2008: €18.3 million), again mainly due to the decrease in net revenues as a result of visitors spending less.

For the three months ended 30 June 2009, the number of visits to Loutraki was broadly consistent with corresponding period last year, at 263,230 (2008: 271,313).

Casino Beograd

Results for the six months ended 30 June 2009 compared to the respective corresponding period in 2008:

The progress at Casino Beograd continues, despite a difficult operating environment. In addition, gross revenue has been affected by currency exchange movements, as the Serbian Dinar has continued to fall against the Euro. During the first half of the year, we recorded a 60.1% increase in visitsnumbers to 133,072 (2008: 83,119).

Casino Beograd reported a negative EBITDA of €1.3 million (2008: €2.7 million), which is slightly below our expectations, as win per visit, in line with the global industry, has fallen to €42 (2008: €74). This is mainly as a result of visitors playing less. However we believe that the outlook for Casino Beograd is good. It is in a strong location with limited local competition, we have strengthened the senior management team with the appointment of a new CEO and it is rapidly increasing the number of visitors it attracts quarter on quarter.

Casino Rodos

Results for the six months ended 30 June 2009 compared to the respective corresponding period in 2008:

Gross gaming revenues for the six months ended 30 June 2009 were €14.7 million (2008: €16.5 million), while net revenues were €10.4 million (2008: €11.7 million). Over the period Casino Rodos generated EBITDA of €2.2 million (2008: €2.9 million). Over the last year, win per visit has been impacted due to the global downturn, which led to the strategic decision to target our marketing campaigns at high rollers. This has had the effect of stabilising win per visit at €213 (2008: €218).

Results for the three months ended 30 June 2009 compared to the respective corresponding period in 2008:

Gross gaming revenues for the three months ended 30 June 2009 were €7.7 million (2008: €9.1 million), while net revenues were €5.5 million (2008: €6.4 million). In the second quarter, Casino Rodos generated EBITDA of €1.7 million (2008: €2.2 million), which was mainly due to the decrease in net revenues.

Casino Palace

Results for the six months ended 30 June 2009 compared to the respective corresponding period in 2008:

Visit numbers have remained flat at Casino Palace, at 55,439 (2008: 55,441). Despite this, gross gaming revenues for the six months ended 30 June 2009 fell to €9.9 million (2008: €12.6 million), while net revenues were €9.5 million (2008: €12.2 million) as spending per visit declined. This meant that Casino Palace generated an EBITDA of €2.7 million (2008: €5.5 million), as win per visitor fell to €179 (2008: €227).

The operating environment in Bucharest has been very competitive with additional new casinos opening in the City affecting our market share. New legislation from the Romanian government, introducing a new levy charge per number of tables in a licensed casino, banning casinos in all residential buildings, and introducing a minimal value on corporate equity held by the proprietor of a casino before being granted a licence, will likely have a large affect on a number of our competitors..

Results for the three months ended 30 June 2009 compared to the respective corresponding period in 2008:

Gross gaming revenues for the three months ended 30 June 2009 were €3.0 million (2008: €5.3 million), while net revenues were €2.8 million (2008: €5.1 million). In the second quarter, Casino Palace generated a negative EBITDA of €0.7 million (2008: positive EBITDA of €1.4 million), on the back of a fall in win per visitor to €112 (2008: 200).

SaSaZu, Prague

Our unique entertainment centre in Prague has begun trading well as the night club and Asian themed restaurant continues to attract increasing numbers of visitors, principally based around events. With the gaming hall expected to open in the upcoming months, we look forward to developing this property into a popular city centre location.

Strategic Review

In July 2009 the board of Y.Z. Queenco, the parent company of QLI, announced that it was exploring the possibility of a merger between the two companies. Explorations of such a venture are in the preliminary stages and no formal approach has been made, however the Company will update the market on future progress.

Personnel

In August of this year, Itay Koppel joined the Group as Chief Financial Officer. Mr. Koppel is highly experienced with substantial knowledge in managing financial strategies and operations, holding a variety of senior roles within listed and large Israeli companies. Yigal Zilkha, the company's controlling shareholder, who in late March 2009 was replaced by the undersigned as the chairman of the board, but remained a member of the board, continues to play an active role in the business, focusing his attention on the operation of the casinos and entertainment centres.

On behalf of the board I would like to thank all the employees of the Group for their hard work.

Future Projects

The Group continues to follow developments in the global economic environment and gaming sector, in anticipation of recovery signs in the economies of our target countries, to determine the correct timing for developing our pipeline of projects. We will continue to invest in the improvement of our existing entertainment centres, while simultaneously going forward with planning phases at reduced costs for future projects, giving us the ability to implement our plans within short time periods.

Outlook

Trading patterns from the first quarter of 2009 have continued into the second quarter of the year with customers continuing to come to our properties in high numbers, but spending less, reflecting the worldwide economic environment. We are responding by focusing on maintaining the strong appeal of our properties through offering our customers a superior gaming and leisure experience, whilst at the same time looking to reduce the cost base of the Group where appropriate. Our main priority is to use our experience of managing gaming businesses to guide the Group through these challenging market conditions. We have begun the implementation of organizational restructuring and we hope to see the results of our efforts in the second half of the year. We have not seen an improvement in the economic situation in our target countries as of yet, but we continue to believe in QLI's abilities to maintain its leading role in the emerging markets gaming sector once the outlook for the gaming industry improves.

Ron Be'ery
Executive Chairman
28 August 2009

Financial Review for the three and six months ended 30 June 2009 compared to the respective corresponding period in 2008:

Revenues

Revenues, as presented in QLI's consolidated financial statement, consist of Total Gross revenues minus the tax on gross gaming revenues and applicable municipality and other gross taxes. QLI's total consolidated Gross revenues consist of gaming revenues, comprised of slot machine and gaming table wins, food and beverage sales, entrance fees, hotel accommodation and outlet charges, rentals and sundry revenues.

Net revenues amounted to €57.9 million for the six months ended 30 June 2009 compared to €72.3 million for the same period in 2008, a decrease of €14.4 million or 20%, and gross gaming revenues amounted to €78.8 million for the six months ended 30 June 2009 compared to €100.7 million for same period in 2008, a decrease of €21.9 million or 21.7%. For the six months ended 30 June 2009, approximately 67%, 18.7%,12.6% and 1.7% of QLI's gaming revenues were derived from Casino Loutraki, Casino Rodos ,Casino Palace and Casino Belgrade , respectively. Net gaming revenues and gross gaming revenues decreased primarily as a result of the current global economic crisis that reduced the average win per visitor across the Group operations. Of the total gross revenues amounting to €81.9 million for the six months ended 30 June 2009, €3.1 million were derived from other revenues, compared to €2.7 million in the corresponding period in 2008.

Net revenues amounted to €26.8 million for the three months ended 30 June 2009 compared to €34 million for the corresponding period in 2008, a decrease of €7.2 million or 21.2%, and gross gaming revenues amounted to €38.3 million for the three months ended 30 June 2009 compared to €48.9 million for the corresponding period in 2008, a decrease of €10.6 million or 21.7%. For the three months ended 30 June 2009, approximately 67%, 21%,8% and 4% of QLI's gaming revenues were derived from Casino Loutraki, Casino Rodos ,Casino Palace and Casino Belgrade , respectively. Net gaming revenues and gross gaming revenues decreased primarily as a result of the current global economic crisis that reduced the average win per visitor across the Group operations. Of the total gross revenues amounting to €38.3 million for the three months ended 30 June 2009, €2 million were derived from other revenues, compared to €1.4 million in the corresponding period in 2008.

Operating Costs

Cost of Revenues

Cost of revenues consists primarily of costs related to gaming, such as security, food and beverage, staff costs (primarily salaries), and costs related to facility maintenance, rent, utility costs, amortization and depreciation, Greek tourist organization duties and other costs consisting of travel, communication and consumables expenses.

Cost of revenues amounted to €32.5 million for the six months ended 30 June 2009 compared to €29.7 million for the corresponding period in 2008, an increase of €2.8 million or 9.4%. The increase in cost of revenues is primarily attributable to the consolidation of Casino Belgrade as from the second quarter 2009 (until 31 March 2009 Casino Belgrade's results were included in the Company's financial statements under the equity method) and the increase in the expenses in Prague that began operating in the 1st quarter 2009.

Cost of revenues amounted to €16.2 million for the three months ended 30 June 2009 compared to €14.2 million for the corresponding period in 2008, an increase of €2.3 million or 16.5%. The increase in cost of revenues is primarily attributable to the consolidation of Casino Belgrade for the first time in the second quarter 2009 (until 31 March 2009 Casino Belgrade's results were included in the Company's financial statements under the equity method) and the increase in Prague expenses operation that began operating in the first quarter of 2009.

Selling and marketing expenses

Selling and marketing expenses primarily consist of expenses related to advertising and marketing, as well as costs of marketing staff (primarily salaries), and costs of food and beverage, complimentary hotel accommodation or reduced rates for casino patrons, transportation costs for casino patrons and costs related to entertainment.

Selling and marketing expenses amounted to €7.6 million for the six months ended 30 June 2009 compared to €7.9 million for the corresponding period in 2008.

Selling and marketing expenses amounted to €3.6 million for the three months ended 30 June 2009 compared to €3.8 million for the corresponding period in 2008.

General and administrative expenses

General and administrative expenses consist primarily of the headquarter's and each location's local management and administrative staff costs (primarily salaries) and expenses resulting from grant of share options, expenses related to the other professional services, such as accounting, legal and consulting expenses, as well as audit fees, gratuities and donations, stamp duty, bank charges and other costs.

General and administrative expenses amounted to €11.2 million for the six months ended 30 June 2009 compared to €12.5 million for the corresponding period in 2008, a decrease of €1.3 million. The decrease in general and administrative consolidated expenses is primarily attributable to a decrease in expenses with respect to staff cost, professional services and a decrease in consumables and sundry expenses.

General and administrative expenses amounted to €5.7 million for the three months ended 30 June 2009 compared to €6.3 million for the corresponding period in 2008, a decrease of €0.6 million. The decrease in general and administrative consolidated expenses is primarily attributable to a decrease in expenses with respect to staff cost, professional services and a decrease in consumables and sundry expenses.

EBITDA

QLI's consolidated EBITDA amounted to €11.8 million for the six months ended 30 June 2009 compared to €27.4 million for the corresponding period in 2008. The decrease in the EBITDA of €15.6 million is primarily attributable to the decrease of €14.4 million in net revenues.

QLI's consolidated EBITDA amounted to €4.7 million for the three months ended 30 June 2009 compared to €12.3 million for the corresponding period in 2008. The decrease in the EBITDA of €7.6 million is primarily attributable to the decrease of €7.2 million in net revenues.

Share of results of associates

Share of results of associates consists of an interest in Grand Casino d.o.o, a company incorporated in Serbia, whose principal activity is casino gaming. The results of Grand Casino d.o.o are incorporated in Club Hotel Loutraki's financial statements until 31 March 2009 under the equity method of accounting, and as of first of April 2009 are consolidated 100% in CHL's financial statements.

Investment income

Investment income is mainly attributed to interest accrued on bank deposits.

Investment income amounted to €0.6 million for the six months ended 30 June 2009 compared to €1.5 million for the corresponding period in 2008, a decrease of €0.9 million. The decrease in investment income is primarily attributable to the reduction in interest rates accrued on bank deposits.

Investment income amounted to € 0.3 million for the three months ended 30 June 2009 compared to €0.9 million for the corresponding period in 2008, a decrease of €0.6 million. The decrease in investment income is primarily attributable to the reduction in interest rates accrued on bank deposits.

Finance costs

Finance costs consist primarily of interest on loans.

Finance costs amounted to €0.7 million for the six months ended 30 June 2009 compared to €1.2 million for the corresponding period in 2008, a decrease of €0.5 million. The decrease is primarily attributable to the finance costs on bank loan in the corresponding period in 2008 that was fully repaid on 30 June 2008.

Finance costs amounted to €0.3 million for the three months ended 30 June 2009 compared to €0.2 million for the corresponding period in 2008, an increase of €0.1 million. The increase is primarily attributable to the increase in bank interest that was offset by finance costs on bank loan in the corresponding period in 2008 that was fully repaid on 30 June 2008.

Foreign exchange gain (loss)

Foreign exchange gain (loss) relates to gains or losses realized as a result of the fluctuations in the value of the Euro against the Romanian Lei, Serbian Dinar, Czech Koruna, USD and the NIS. QLI's reporting currency is Euro whilst the operation currency is the NIS. Changes in the Euro against the RON,SRD, US Dollar and NIS exchange rate have affected the foreign exchange gain (loss).

Foreign exchange gains amounted to €1 million for the six months ended 30 June 2009 compared to foreign exchange losses of €2.5 million for the corresponding period in 2008. The foreign exchange gains are attributable to the strengthening of the Euro against the RON and the NIS.

Foreign exchange gains amounted to €0.1 million for the three months ended 30 June 2009 compared to foreign exchange losses of €1.5 million for the corresponding period in 2008. The foreign exchange gains are attributable to the strengthening of the Euro against the US Dollar.

Tax

Taxes amounted to €3.4 million for the six months ended 30 June 2009 compared to €6.9 million for the corresponding period in 2008, a decrease of €3.5 million, or 50.1%. The decrease in taxes is primarily attributable to the decrease in profit before tax.

Taxes amounted to €1.8 million for the three months ended 30 June 2009 compared to €3.5 million for the corresponding period in 2008, a decrease of €1.7 million, or 48.6%. The decrease in taxes is primarily attributable to the decrease in profit before tax.

Profit / (Loss)

Profit amounted to €3.2 million for the six months ended 30 June 2009 compared to €12 million for the corresponding period in 2008.

Loss amounted to €0.5 million for the three months ended 30 June 2009 compared to €4.8 million for the corresponding period in 2008

The decrease in profit is primarily attributable to the decrease in gross revenues, which was offset partially by an increase in net finance income compared to the corresponding period in 2008.

Cash and Funding Sources

QLI's principal sources of liquidity are cash provided by operations and loans under two loan facilities from banks provided to Club Hotel Loutraki SA and Rhodes Casino S.A. As of 30 June 2009, QLI's consolidated cash and cash equivalents were €56.3 million.

Cash Flow Statement Data

The table below summarizes the consolidated cash flow for the six and three months ended 30 June 2009 and 2008:

(000' Euro)	For the three months ended 30 June, (unaudited)		For the six months ended 30 June, (unaudited)	
	2009	**2008**	**2009**	**2008**
Cash flow from operating activities	1,138	1,795	1,0160	12,608
Cash flow from (used in) investing activities	713	(3,163)	(1,648)	(2,480)
Cash flow (used in) financing activities	(6,058)	(8,987)	(6,490)	(9,580)
Net increase in cash and cash equivalents	**(4,207)**	**(10,355)**	**2,022**	**548**
Foreign exchange rate	(2,050)	975	(2,703)	611
Cash and cash equivalents *beginning of the period*	62,591	86,550	57,015	76,011
Cash and cash equivalents *beginning of the period*	**(56,334)**	**(77,170)**	**(56,334)**	**(77,170)**

Operating Activities

QLI's consolidated net cash flow from operating activities amounted to €10.2 million for the six months ended 30 June 2009.The cash inflows from operating activities is primarily attributable to the profit before tax of €6.6 million and adjustments of €6.4 million primarily attributable to €5.5 million depreciation and amortisation, and increase of €2.8 million in payables that was offset by income taxes paid of €4.2 million and interest paid of €0.5 million.

For the three months period ended June 30, 2009 QLI's consolidated net cash flow from operating activities amounted to €1.1 million.The cash inflows from operating activities is primarily attributable to the profit before tax of €1.3 million and adjustments of €3.3 million primarily attributable to €3.2 million depreciation and amortisation, and an increase of €1 million in payables that was offset by income taxes paid of €3.9 million and interest paid of €0.3 million.

Investing Activities

For the six months ended 30 June 2009 QLI's consolidated net cash outflow used for investing activities amounted to €1.6. The net cash outflow in the six months ended 30 June 2009 is primarily attributable to €4.7 million cash outflow for purchase of property plant and equipment and €1.2 million cash outflow for investment in Belgrade casino during the first quarter of 2009, that was offset by €1.5 million cash inflow from realization of trading investment, and by €2.3 million cash inflow from initial consolidation of Casino Belgrade.

For the three months ended 30 June 2009, QLI's consolidated net cash from investing activities amounted to €0.7 million. The net cash inflow, is primarily attributable to the realization of trading investment of €1.3 million, partially offset by €0.7 million cash outflow used for purchase of property plant and equipment.

Financing Activities

QLI's consolidated net cash outflow used for financing activities amounted to €6.5 million for the six months ended 30 June 2009. The net cash outflow used for financing activities is primarily attributable to €2.6 million dividends paid to minority shareholders, and €3.6 million share profit paid to the Municipality of Loutraki.

QLI's consolidated net cash used in financing activities amounted to €6.1million for the three months ended 30 June 2009. The net cash outflow used for financing activities is primarily attributable to €2.6 million dividends paid to minority shareholders, and €3.2 million share profit paid to the Municipality of Loutraki.

Consolidated statements of comprehensive income
(In thousands of €)

	3 months ended 30 June		6 months ended 30 June		Year ended 31 December
	2009	2008	2009	2008	2008
	Unaudited	unaudited	unaudited	Unaudited	
Revenues	26,828	34,003	57,888	72,318	137,390
Operating costs					
Cost of revenues	(16,164)	(14,196)	(32,532)	(29,742)	(58,614)
Selling and marketing expenses	(3,602)	(3,763)	(7,557)	(7,904)	(15,510)
General and administrative expenses	(5,684)	(6,343)	(11,219)	(12,473)	(23,920)
Other operating expenses	(171)	-	(213)	-	(366)
Share of results of associates	-	(546)	(658)	(1,140)	(2,203)
Operating profit	**1,207**	**9,155**	**5,709**	**21,059**	**36,777**
Investment income	265	928	591	1,497	3,000
Finance costs	(316)	(248)	(688)	(1,170)	(2,992)
Foreign exchange gain (loss)	126	(1,541)	1,034	(2,467)	(384)
Profit before tax	**1,282**	**8,294**	**6,646**	**18,919**	**36,401**
Tax	(1,790)	(3,455)	(3,412)	(6,881)	(13,382)
Profit (loss) for the period	**(508)**	**4,839**	**3,234**	**12,038**	**23,019**
Other comprehensive income					
Exchange differences arising on translation of foreign operations	(590)	1,420	(1,662)	1,040	53
Total comprehensive income (loss) for the period	**(1,098)**	**6,259**	**1,572**	**13,078**	**23,072**
Profit (loss) for the period attributable to:					
Equity holders of the parent	(1,272)	2,554	1,013	6,547	13,367
Minority interests	764	2,285	2,221	5,491	9,652
	(508)	**4,839**	**3,234**	**12,038**	**23,019**
Total comprehensive income (loss) for the period attributable to:					
Equity holders of the parent	(2,006)	3,766	(129)	7,408	14,369
Minority interests	908	2,493	1,701	5,670	8,703
	(1,098)	**6,259**	**1,572**	**13,078**	**23,072**
Earnings (loss) per share					
Basic and diluted (¢)	(0.3)	0.7	0.3	1.9	3.8

Consolidated statements of financial position
(In thousands of €)

	As at		
	30 June		31 December
	2 0 0 9	2 0 0 8	2 0 0 8
	unaudited	unaudited	
Non-current assets			
Intangible assets	24,037	13,269	8,233
Property, plant and equipment	133,469	102,363	108,322
Investment property	-	7,533	6,994
Interests in associates	-	13,246	11,435
Deferred tax asset	2,311	2,315	2,043
Other long term receivables	9,450	6,816	12,144
Total non-current assets	**169,267**	**145,542**	**149,171**
Current assets			
Inventories	894	710	760
Investments	7,346	4,487	9,107
Trade and other receivables	5,037	4,727	4,470
Cash and cash equivalents	56,334	77,170	57,015
Total current assets	**69,611**	**87,094**	**71,352**
Total assets	**238,878**	**232,636**	**220,523**
Current liabilities			
Accounts payable	(4,941)	(4,686)	(4,941)
Current tax liabilities	(5,248)	(10,457)	(5,352)
Other current liabilities	(43,852)	(31,151)	(23,012)
Bank overdraft and loans	(16,950)	(17,820)	(16,958)
Total current liabilities	**(70,991)**	**(64,114)**	**(50,263)**
Net current assets (liabilities)	**(1,380)**	**22,980**	**21,089**
Total assets less current liabilities	**167,887**	**168,522**	**170,260**
Non-current liabilities			
Long-term bank loans	(8,612)	(10,349)	(8,536)
Other long-term liabilities	(6,796)	(10,911)	(7,286)
Deferred tax	(1,378)	(3,310)	(1,795)
Provision for retirement benefits	(5,770)	(5,256)	(5,340)
Total non-current liabilities	**(22,556)**	**(29,826)**	**(22,957)**
Net assets	**145,331**	**138,696**	**147,303**

Consolidated statements of financial position (cont.)
(In thousands of €)

	As at		
	30 June		31 December
	2 0 0 9	**2 0 0 8**	**2 0 0 8**
	Unaudited	**unaudited**	
Shareholders' equity			
Share capital	62,512	62,512	62,512
Share premium	130,998	130,998	130,998
Translation reserve	1,688	2,423	2,830
Other reserves	(7,950)	(7,950)	(7,950)
Accumulated deficit	(70,206)	(78,472)	(71,495)
Equity attributable to equity holders of the parent	**117,042**	**109,511**	**116,895**
Minority interest	**28,289**	**29,185**	**30,408**
Total Equity	**145,331**	**138,696**	**147,303**

The financial statements were approved by the board of directors and authorised for issue on 27 August 2009. They were signed on its behalf by:

Ron Be'ery
Executive Chairman of the Board

Itay Koppel
Chief Financial Officer

27 August, 2009

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

	Share Capital	Share Premium	Translation reserve	Other reserve	Accumulated deficit	Parent	Minority Interest	Total Equity
For the six months ended 30 June 2009 (unaudited)								
Balance as at 1 January 2009	**62,512**	**130,998**	**2,830**	**(7,950)**	**(71,495)**	**116,895**	**30,408**	**147,303**
Translation differences	-	-	(1,142)	-	-	(1,142)	(520)	(1,662)
Expense resulting from grant of share options	-	-	-	-	456	456	-	456
Reverse of expense resulting from options granted to former employees	-	-	-	-	(180)	(180)	-	(180)
Profit share due to the municipality of Loutraki	-	-	-	-	-	-	(1,234)	(1,234)
Dividend	-	-	-	-	-	-	(2,586)	(2,586)
Profit for the period	-	-	-	-	1,013	1,013	2,221	3,234
Balance as at 30 June 2009	**62,512**	**130,998**	**1,688**	**(7,950)**	**(70,206)**	**117,042**	**28,289**	**145,331**
For the three months ended 30 June 2009 (unaudited)								
Balance as at 1 April 2009	**62,512**	**130,998**	**2,422**	**(7,950)**	**(69,103)**	**118,879**	**30,533**	**149,412**
Translation differences	-	-	(734)	-	-	(734)	144	(590)
Expense resulting from grant of share options	-	-	-	-	169	169	-	169
Profit share due to the municipality of Loutraki	-	-	-	-	-	-	(566)	(566)
Dividend	-	-	-	-	-	-	(2,586)	(2,586)
Profit (loss) for the period	-	-	-	-	(1,272)	(1,272)	764	(508)
Balance as at 30 June 2009	**62,512**	**130,998**	**1,688**	**(7,950)**	**(70,206)**	**117,042**	**28,289**	**145,331**

	Share Capital	Share Premium	Hedging & Translation reserve	Other Reserves	Accumulated deficit	Parent	Minority Interest	Total Equity
For the six months ended 30 June 2008 (unaudited)								
Balance as at 1 January 2008	**62,512**	**130,998**	**1,828**	**-**	**(80,009)**	**115,329**	**31,041**	**146,370**
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 three months ended 30 June 2008 (unaudited)								
Balance as at 1 April 2008	**62,512**	**130,998**	**1,477**	**-**	**(75,544)**	**119,443**	**32,895**	**152,338**
Translation differences	-	-	1,212	-	-	1,212	208	1,420
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	2,285	4,839
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	Hedging & Translation reserve	Other reserve	Accumulated deficit	Parent	Minority Interest	Total Equity
Balance as at 1 January 2008	**62,512**	**130,998**	**1,828**	**-**	**(80,009)**	**115,329**	**31,041**	**146,370**
Translation differences	-	-	1,002	-	-	1,002	(949)	53
Expense resulting from grant of share options	-	-	-	-	2,224	2,224	-	2,224
Reverse of expense resulting from options granted to former employees	-	-	-	-	(1,070)	(1,070)	-	(1,070)
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	-	-	-	(7,950)	-	(7,950)	-	(7,950)
Profit share due to the municipality of Loutraki	-	-	-	-	-	-	(4,205)	(4,205)
Dividend *	-	-	-	-	(6,007)	(6,007)	(5,131)	(11,138)
Net income for the year	-	-	-	-	13,367	13,367	9,652	23,019
Balance as at 31 December 2008	**62,512**	**130,998**	**2,830**	**(7,950)**	**(71,495)**	**116,895**	**30,408**	**147,303**

* representing 1.7 ¢ per share

Consolidated cash flow statements
(In thousands of €)

	Notes	3 months ended 30 June		6 months ended 30 June		Year ended 31 December
		2009	**2008**	**2009**	**2008**	**2008**
		unaudited	**unaudited**	**unaudited**	**unaudited**	
Net cash from operating activities	3	**1,138**	**1,795**	**10,160**	**12,608**	*** 27,797**
Investing activities						
Interest received		247	918	533	1,462	2,635
Purchases of property, plant and equipment		(745)	(3,013)	(4,721)	(7,468)	(24,013)
Proceeds on sale of property, plant and equipment		-	-	43	-	341
Purchase of other intangibles		(61)	(24)	(84)	(24)	(73)
Advanced on fixed assets		-	-	-	-	(2,509)
Investment in an associate		-	(1,102)	(1,200)	(1,367)	(1,376)
Increase in other long-term receivables		-	-	-	-	(168)
Loans granted		-	(110)	-	(26)	-
Realisation of (Purchases) of trading investments		1,272	168	1,450	4,943	(735)
Instalments for the acquisition of a subsidiary		-	-	-	-	(2,964)
Initial consolidation of a subsidiary		-	-	2,331	-	-
Purchase of additional interest in joint venture entity		-	-	-	-	*(7,950)
Sale of interest in joint venture entity		-	-	-	-	865
Net cash used in investing activities		**713**	**(3,163)**	**(1,648)**	**(2,480)**	**(35,938)**
Financing activities						
Dividends paid to minority shareholders		(2,586)	(5,131)	(2,586)	(5,131)	(5,131)
Dividends		-	(6,007)	-	(6,007)	(6,007)
Repayments of borrowings		-	(10,600)	-	(10,600)	(12,420)
Receipt / (repayment) of other long term liabilities		(334)	-	(334)	33	(1,245)
Share of profits paid to Municipality of Loutraki		(3,170)	(3,245)	(3,562)	(3,871)	(4,371)
Increase (decrease) in bank overdrafts		32	15,996	(8)	15,996	15,959
Net cash from (used) in financing activities		**(6,058)**	**(8,987)**	**(6,490)**	**(9,580)**	**(13,215)**
Net increase (decrease) in cash and cash equivalents		(4,207)	(10,355)	2,022	548	(21,356)
Effect of foreign exchange rate changes		(2,050)	975	(2,703)	611	2,360
Cash and cash equivalents at beginning of period		62,591	86,550	57,015	76,011	76,011
Cash and cash equivalents at end of period		**56,334**	**77,170**	**56,334**	**77,170**	**57,015**
Tax cash flow		(3,889)	(6,992)	(4,223)	(7,725)	(18,323)
Interest paid		(326)	(686)	(487)	(852)	(1,212)

*** Restated- see Note 2.3**

NOTE 1 - BASIS OF PREPARATION

Queenco Leisure International Ltd (the "Company" and "QLI") was incorporated in Israel on 9 September 2002.

The Company, through Israeli and foreign companies, (together, "the Group"), is a developer, operator and owner of entertainment centers, casinos and leisure resorts, currently mainly in Greece and in Romania. The activities in Greece are in the city of Loutraki and Rhodes Island. Currently, the activities in Romania are in the city of Bucharest. The Company provides advisory services to the projects.

The unaudited Interim Condensed Consolidated Financial Statements ("Interim Consolidated Financial Statements") for the six and three month periods ended 30 June 2009 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and on a basis consistent with the accounting policies set out in the Financial Statements for the year ended 31 December 2008 published on the Company's website on 28 April 2009 ("2008 Financial Statements"). The Interim Consolidated Financial Statements should therefore be read in conjunction with the 2008 Financial Statements.

The Interim Consolidated Financial Statements for the six and three month periods ended 30 June 2009, were approved by the Board of directors on 27 August 2009.The information relating to the year ended 31 December 2008 is an extract from the 2008 Financial Statements.

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

2.1 The condensed financial statements have been prepared under the historical cost convention, except for the revolution of certain properties and financial instruments.

The same accounting policies, presentation and methods of computation have been followed in these interim financial statements as were applied in the preparation of the 2008 Financial Statements, except for the impact of the adoption of IAS 1 (revised 2007) "*Presentation of Financial Statements*" that has introduced a number of terminology changes (including revised titles for the condensed financial statements) and has resulted in a number of changes in presentation and disclosures. However, the revised Standard has had no impact on the reported results or financial position of the Group.

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:

IFRIC 17 Distributions of Non-cash Assets to Owners
IFRIC 18 Transfers of Assets from Customers
Improvements to IFRSs issued in April 2009

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

2.2 Reclassifications

Following examinations made by CHL's management regarding the allocation of costs and expenses between the operational departments in CHL, CHL's management has decided to change the allocation of certain staff costs in CHL to better reflect the contribution of staff to each department.

Such change, applied retroactively, has resulted in the reclassification of staff cost in the amount of Euro 1,558 thousand and Euro 610 thousand for the six months and three months ended 30 June 2008, from Cost of Revenues to General and Administrative expenses.

In addition, Casino Palace's management has decided to change the allocation of rent expenses. Such change, applied retroactively, has resulted in the reclassification of rent expenses in the amount of Euro 253 thousand and Euro 91 thousand for the six months and three months ended 30 June 2008, from General and Administration to Cost of Revenues.

2.3 Restatement

The consolidated cash flow statement for the year ended 31 December 2008 was restated in order to reflect the correction of an error in the presentation of the payment of Euro 7,950 thousand made following the exercise of an option for the purchase of minority interest as part of cash from operations and not, as appropriate, as part of the cash used in investing activities. As a result, cash from operations and cash used in investing activities increased to Euro 27,797 thousand and Euro 35,938 thousand, respectively (from the Euro 19,847 and Euro 27,988 thousand, respectively previously reported)

NOTE 3 - NOTES TO THE CONSOLIDATED CASHFLOW STATEMENTS

	3 months ended 30 June		6 months ended 30 June		Year ended 31 December
	2009	**2008**	**2009**	**2008**	**2008**
	Unaudited	**unaudited**	**Unaudited**	**unaudited**	
Profit before tax	**1,282**	**8,294**	**6,646**	**18,919**	**36,401**
Adjustments for:					
Depreciation of property, plant and equipment	2,707	1,976	4,593	3,980	7,672
Increase in provisions	203	602	1,067	433	503
Loss on sale of property, plant and equipment	-	-	42	-	16
Amortisation of intangible assets	442	269	643	531	903
Investment income	(265)	(928)	(591)	(1,497)	(3,000)
Finance costs	316	248	688	1,170	2,992
Foreign exchange loss (gain)	(126)	1,541	(1,034)	2,467	384
Expense relating of grant of share options	169	525	276	997	1,154
Share of results of associates	-	546	658	1,140	2,203
Operating cash flows before movements in working capital	**4,728**	**13,073**	**12,988**	**28,140**	**49,228**
Decrease (increase) in inventories	(157)	(26)	(74)	70	(19)
Decrease (increase) in receivables	(175)	(612)	(822)	(201)	668
Increase (decrease) in payables	957	(2,962)	2,778	(6,824)	* (2,545)
Cash generated by operations	**5,353**	**9,473**	**14,870**	**21,185**	**47,332**
Income taxes paid	(3,889)	(6,992)	(4,223)	(7,725)	(18,323)
Interest paid	(326)	(686)	(487)	(852)	(1,212)
Net cash from operating activities	**1,138**	**1,795**	**10,160**	**12,608**	**27,797**

*** Restated- see Note 2.3**

NOTE 4 – SIGNIFICANT EVENTS IN THE PERIOD AND AFTER THE BALANCE SHEET DATE

On 31 December 2008, CHL, has entered into an agreement with Casino Austria AG ("CAAG") for the purchase from CAAG of 51% of the shares of the Serbian Company (the "Purchased Shares"), for a purchase price of Euro 42 million (CHL held, prior to the closing of the transaction, 39% of the shares of the Serbian Company). At the beginning of March 2009, all conditions for the closing have been met and the Serbian Company's financial information is consolidated starting at 31 March 2009. Casino Austria International Holding GmbH ("CAIH"), an affiliate of CAAG, has additionally granted CHL an option to acquire 50% or 75% of CAIH interest in Grand Casino Brussels, by paying CAIH 50% or 87.5%, respectively, of CAIH actual investment in the Brussels casino as defined. This option expired on 20 June 2009

In addition, Vasanta's board of directors resolved at its meeting on 28 April 2009 to accept the irrevocable offer that it has received from CAIH , (the "Offer") to enter into an agreement pursuant to which CAIH will have an option (the "Call Option") to purchase from PBS and Vasanta will have an option (the "Put Option") to cause PBS to issue and sell to CAIH, the following securities of PBS (the Call Option may be exercised by CAIH with respect to all or any of the following securities, provided however that if the Call Option is exercised with respect to the Ordinary Shares under clause 1 below, CAIH must also exercise the Call Option with respect to the special shares under clauses 2 and 3 below):

1. Ordinary shares of PBS constituting 11.74% of the fully diluted share capital of PBS;

2. A special share providing for (i) the right to receive certain amounts out of (A) funds actually received by PBS and attributable to operating income of the Serbian Company and/or (B) the sale of shares of the Serbian Company that may be distributed by PBS in the future and (ii) for so long as CHL controls the Serbian Company and PBS controls CHL, the right that PBS will use its best efforts to cause the appointment of a non-voting observer on behalf of CAIH to the board of directors of the Serbian Company; and

3. A special share providing for certain minority protective veto rights with respect to the operations of PBS for so long as CAIH holds at least 10% of the fully diluted share capital of PBS

If CAIH exercises the Call Option with respect to the ordinary shares referred to in clause 1 above, it will have the right to aggregate its holdings with Casinos Austria Greece GmbH, which currently holds shares in PBS, and as a result nominate a total of up to two members, while Vasanta (through an indirectly controlled company) will have the right to nominate a total of up to seven members, to the board of directors of PBS. The aggregate exercise price of the Call Option is Euro 54.9 million and the exercise price of the Put Option is Euro 49.5 million. In addition, upon exercise of either the Call option or the Put option, PBS, a company controlled by Vasanta, will be responsible for the payment of Euro 5.25 million to Casino Austria Greece GmbH ("CAGG"), resulting from certain outstanding amounts related to transactions between CAGG and Agastia Holdings Ltd., a 50% indirect subsidiary of the Company, during 2002.

The Call Option is exercisable from the time of acceptance through 30 August 2009 and the Put Option is exercisable from 31 May 2009 through 2 November, 2009.

There is no assurance that either the Call option or the Put option will be exercised.

This transaction has been accounted for by the purchase method of accounting.

The initial accounting for the transaction has only been provisionally determined at the end of the interim reporting period. At the date of finalisation of this interim financial report, the necessary market and fair value valuations, Purchase Price Allocation and other calculations had not been finalised. The allocation used for these financial statements represent managements best estimates.

Assets acquired and liabilities assumed at 31 March 2009:

Net assets acquired

Property, plant and equipment	15,594
Intangible assets	6,473
Inventories	65
Trade and other receivables	546
Cash and cash equivalents	2,331
Trade and other payable	(2,112)
	22,897
Cancellation of associated company account	(11,643)
Other intangible assets	9,746
Total consideration	21,000
Satisfied by:	
Cash	-
Consideration recorded as liability	21,000
	21,000
Net cash outflow arising on acquisition:	
Cash Consideration	21,000
Cash and cash equivalents acquired	(2,331)
	18,669

The additional acquisition of the 51% of the shares of the Serbian Company contributed a loss of Euro 932 thousand to the Group's results of operations for the period between the date of acquisition and 30 June 2009.

If the acquisition had been completed on the first day of the 2009 financial year, Group revenues for the six months ended 30 June 2009 would have been Euro 59,136 thousand and Group profit would have been Euro 2,874 thousand.

NOTE 5 –INCOME TAX CHARGE

Interim period income tax is accrued based on the estimated average annual effective income tax rate of approximately 30%. No deferred tax assets were recorded with regard to losses of Group companies in a total amount of Euro 3,212 thousand and Euro 1,809 thousand for the six months and three months ended 30 June 2009 (Euro 5,419 thousand and Euro 1,981 thousand for the six months and three months ended 30 June 2008).

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2009, the Group spent approximately Euro 4.7 million on capital expenditures (mainly for building and installations).

NOTE 7 – INTANGIBLE ASSETS

As result of the acquisition of additional shares of the Serbian Company (see Note 4), the Group recorded approximately Euro 10 million as intangible assets representing the provisional excesses cost of the consideration over management best estimates of the fair value of the assets and liabilities of the Serbian Company. In addition, the Group recorded additional of approximately Euro 6 million as intangible assets as a result of the first time consolidation of the Serbia Company's intangible assets. The necessary market and fair value valuations, Purchase

Price Allocation measurement and other calculations had not been finalised and are incomplete at the date of finalisation of this interim financial report.

NOTE 8 – RELATED PARTY TRANSACTIONS

1. On 26 March the Company reached an agreement with each of Mr. Uri Ben-Ari, the Company's then Chief Executive Officer, and Ms. Neomi Enoch, the Company's then Chief Financial Officer, as to their retirement from office. As part of the agreements the Company recorded a provision in the amount of approximately Euro 223 thousand. In addition, Mr. Ron Beery has joined the Company's Board of Directors and has been appointed as Executive Chairman of the Board, and that Mr. Avi Halifa has been appointed as the Company's interim Chief Financial Officer. On 1 August 2009, Mr Itay Koppel was appointed as the Company's Chief Financial Officer.

2. On 26 May 2009, Messrs. Yigal Zilkha, Ron Beery and Effy Aboudy were re-appointed as directors, and Messrs. Yitchak Shwartz and Yechiel Gutman were appointed as new directors. Mr. Gutman was appointed as a statutory external director. Ms. Miri Lent-Sharir, who was appointed on 25 October 2007 as a statutory external director, holds such offices until 25 October 2010. Mr. Nathan Nissani, who was a statutory external director since 25 October 2007, passed away on 27 April 2009.

3. The Company's board of directors (" the Board") approved on August 10, 2009 the terms and conditions of the compensation of the Company’s Chairman of the Board ("the Chairman") and ratified certain terms and conditions of a director in the Company (the Company's controlling shareholder). The Chairman is entitled, from 26 March 2009, to a monthly payment of NIS 120 thousand and to an annual bonus of up to NIS1, 200 thousand. The Chairmen is also entitled to signatory bonus of NIS 340 thousand and to a class 7 vehicle. The director is entitled to a yearly compensation equal to GBP200 thousand and a bonus of 2.5% of the annual EBIDTA exceeding Euro 62 million. All terms and conditions are subject to the approval of the extra ordinary share holders meeting scheduled for 14 September, 2009. In addition, the Board approved a stock option plan representing 4% of the issued and outstanding capital on a fully diluted bases, to senior management including the Company’s Chairman. Options representing 1.3% of the issued and outstanding capital of the Company were granted to the Company’s Chairman. The Chairman's options grant is subject to the approval of the extraordinary shareholders meeting.

NOTE 9 – OTHER INFORMATION

As part of the decision making process within one of the privately-held companies through which the Company and Club Hotel control Casino Eilat Loutraki, , the parties have recently encountered certain disagreements with respect to the content of various decisions recently adopted by such company's board of directors.