1 June 2011

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

Financial Results for the 3 months ended 31 March 2011

Queenco Leisure International Ltd, the emerging markets casino developer and operator, is pleased to report its financial results for the 3 months ended 31 March 2011.

Financial Highlights for the three months ended 31 March 2011

- Gross revenues were €31.4 million (2010: €36.8 million)
- Net Revenues were €22.5 million (2010: €25.6 million)
- EBITDA was negative €2.9 million (2010: negative €0.8 million)
- Loss before tax was €6.2 million (2010: LBT €5.9 million)
- Cash and cash equivalents were €16.9 million as of 31 March 2011

Operating and Business Highlights

- Economic crisis in Greece has worsened with rating agencies downgrading the country’s debt:
  - Negative impact on our principal operation in Loutraki continues
  - Economic environment remains unfavourable towards our businesses
- Group strategy to diverse revenue mix in 2011 is progressing:
  - Committed to developments in South East Asia projects
  - Capitalising on the legalisation and regulation of online gaming in areas where the Group already operates

Itay Koppel, Chief Executive Officer of QLI, commented on the results:

"This has been another challenging period for QLI, and in particular our main asset in Loutraki, Greece, where the economic situation has worsened and the country’s debt rating has recently been downgraded by agencies. As we enter the second quarter we expect the situation to remain, we are however, witnessing some encouraging signs at our operations in Rhodes and Bucharest.

“We have maintained marketing expenses at their current levels to continue attracting existing customers, and in our operations in Bucharest and Prague where we believe we can capitalise on the opportunity.

“As outlined during the last set of results, QLI is committed to diversifying its revenue mix by exploring growth opportunities in South East Asia, and steps are under way in Cambodia to achieve that. We have also begun exploring further the potential that legalised online gaming can offer in our current projects should governments press ahead with plans to regulate it.

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

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

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Chief Executive's Review

Introduction

The impact of the Greek debt crisis on our business continues, and the strategy to offset the difficult trading conditions remains in place. We are focused on taking costs out of the business when we believe it does not compromise the ability of our businesses to perform, or driving marketing expenses when appropriate in order to retain our customers. We have witnessed the success of our marketing initiatives at each of our operations since the worldwide downturn began, and we believe as a result that the Company remains well placed to manage these ongoing challenges with our experienced management teams.

As well as reducing costs at our casinos, we have reduced costs at our headquarters in Israel, and prioritised our investment strategy. As we announced at the full year results, this strategy forms an important part of diversifying our revenue mix in the coming years, and in particular our focus remains on South East Asia. Last year we signed a MoU with Paradise Investment Co. Ltd. to establish a joint venture at the Holiday Palace Hotel in Sihanoukville, Cambodia, and we were pleased to announce during the quarter, that we signed a further MoU with Langham Hospitality Ltd. to operate an Eaton Luxe Hotel on the site of the Holiday Palace Hotel. We also mentioned in our last results update that we were investigating the potential opportunities available in online gaming which could see the introduction of remote gaming at our casinos, but also allow us to market and sell our high profile brands through an IT platform.

Summary of financial performance

Results for the three months ended 31 March 2011

Gross revenues were €31.4 million (2010: €36.8 million), a decrease of 14.7% whilst net revenues decreased by 12.4% to €22.5 million (2010: €25.6 million). Both gross and net revenues have continued to come under pressure from the continuing economic crisis in Greece where QLI generates 81% of its Gross revenue from its principal asset, Loutraki and Casino Rodos. The decrease in win per visit and number of visits has resulted in a negative EBITDA of €2.9 million (2010: negative €0.8 million). Marketing costs have increased across our established casinos, as the Group focuses on its investment in superior customer service and maintaining constant customer levels. The Company made a net loss during the period of €6.2 million (2010: Net Loss €6.4 million), which again reflects the economic situation in Greece.

Cash and cash equivalents currently stand at €16.9 million which enables us to weather the impact of the Greek and Romanian economy and additional tax restraints that have been imposed on our businesses, while at the same time deliver our strategy for diversifying our revenue mix going forward.

Basic loss per share was (1.6¢) (2010: (1.7¢)) and loss per GDR (each GDR representing 10 ordinary shares) were (19¢) (2010: (17¢)).

Operational Review

Results by casino for the three months ended 31 March 2011

Casino	Gross Gaming Revenue (EUR m)		Net Revenue (EURm)		EBITDA (EURm)		Visits (000's)		Gross Win per Visit (EUR)		QLI's Economic Interest
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	
Loutraki	39.8	46.8	27.6	31.9	0.1	2.2	255	292	154	161	38.5%
Rodos	4.8	6.7	3.4	4.7	(0.8)	--	30	34	158	200	91.6%
Palace	3.3	3.6	3.0	3.0	(1.0)	(0.3)	23	27	143	131	83.3%
Belgrade	2.7	2.6	2.5	2.4	--	--	72	75	41	35	34.6%

*Loutraki and Casino Beograd are consolidated in QLI's financial statements as 50% while the results of Rodos, Palace and Sasazu are fully consolidated.

Club Hotel Casino Loutraki ("CHL")

Results for the three months ended 31 March 2011

Gross gaming revenues for the three months ended 31 March 2011 were €39.8 million (2010: €46.8 million), while net revenues were €27.6 million (2010: €31.9 million). Over the course of the year Casino Loutraki generated

EBITDA of €0.1 million (2010: €2.1 million), which was caused by the fall in visitor numbers and in win per visit as customers continued to spend less as a result of the current economic crisis in the country.

For the previous two years Loutraki has had to incur expenses relating to successive VAT increases and the implementation of two windfall taxes, and together with the increases we have seen in recent years on personal private income, we anticipate that the effects on our business are likely to remain challenging. Loutraki however remains a major attraction for our customers. Despite a temporary reduction in visitor numbers during a normally quiet period for the casino, Loutraki still continues to attract a high number of customers, over a quarter of a million passed through the casino's doors during the period.

Casino Beograd

Results for the three months ended 31 March 2011

Gross gaming revenues for the three months ended 31 March 2011 were €2.7 million, an increase of 3.2% on the same period in 2010 (2010: €2.6 million), whilst net revenues were €2.5 million (2010: €2.4 million), an increase of 3.2% on the first quarter of 2010. This increase in revenues reflects the growth in Casino Beograd over the last year which continues to become an important destination for local entertainment in the Serbian capital. Casino Beograd broke even during the first quarter in 2011 same as the comparative quarter last year. This was mainly due to the increases in marketing and selling expenses which have increased by 120% as the casino looks to attract more visitors. The net loss for the three months ended 31 March 2011 was €1.6 million (2010: loss of €1.8 million).

The number of visits to Casino Beograd remained broadly flat compared to the previous period last year, 71k (2010: 74k), however this is mainly as a consequence of the first quarter being a quieter trading period and the anxiety that remains among our customers as the Serbian economy returns to growth. We remain confident that in the long term the casino will continue to benefit from the exclusivity arrangement that Casino Beograd has with the municipality of Belgrade, and are encouraged by the Serbian government's recent success in tackling illegal gaming.

Casino Rodos

Results for the three months ended 31 March 2011

Revenues at Casino Rodos, the only casino located on the holiday island of Rhodes, continue to be impacted by the Greek debt crisis. Gross gaming revenues were €4.8 million (2010: €6.7 million) and net revenues were €3.4 million (2010: €4.7 million) mainly due to the decrease in win per visit which came as a result of guests' lower spending budgets. This meant that EBITDA was negative at €0.8 million (2010: €35k). Casino Rodos made a net loss during the period of €1.3 million (2010: loss of €0.6 million).

As with Loutraki, Casino Rodos has had to incur expenses relating to successive VAT increases and the implementation of two windfall taxes over successive years, together with the increases we have seen in recent years on personal private income; we anticipate that the effects on the casino are likely to remain challenging. Casino Rodos remains an attraction however, the introduction of new games such as Texas Hold'em has meant that early trading during the second quarter has started and the Group remains encouraged by it.

Casino Palace

Results for the three months ended 31 March 2011

Gross gaming revenues were €3.3 million (2010: €3.5 million), while net revenues remained flat at €3.0 million (2010: €3.0 million). Due to a 74% increase in marketing and selling expenses this produced a negative EBITDA of €1 million (2010: negative €0.3 million). The management at Casino Palace have used the increase in expenses to invest in new marketing programmes such as jackpots and lotteries in order to attract new players. However, due to the recent economic downturn in Romania, Casino Palace made a net loss during the period of €1.5 million (2010: loss of €0.6 million). The net loss continues to be caused by the VAT increases in Romania last year which the Group expects will continue to impact customer spend and the casino's bottom line during the foreseeable future. However, during the early part of the second quarter, Casino Palace has started to trade well.

SaSaZu

During the period, SaSaZu increased gross revenues by 44.3% to €1.1 million (2010: €0.7 million). We reported at the full year results that the management of the Group were considering exporting and integrating the brand into existing QLI operations, such as Casino Rodos. The management continues to explore the possibility of launching this successful concept in new markets through joint ventures and will update the market on any future progress. As the operation is still in its infancy, earnings stand at a negative EBITDA of €0.1 million (2010: €0.3 million) for the three months ended 31 March 2011.

Projects

We have been encouraged over the last three months by the steps being taken by the local authorities in the countries where we operate to legalise and regulate licensed online gaming. Serbia in particular have gone to great lengths to fight illegal gaming, and have approved regulated online gaming which provides Casino Beograd and QLI with an opportunity to market and sell our high profile brands online.

We continue to pursue the joint project with Paradise Investment Co. Ltd. to establish a joint venture at the Holiday Palace Hotel in Sihanoukville, Cambodia, and remain committed to operating an Eaton Luxe Hotel on the site of the Holiday Palace Hotel with Langham Hospitality Ltd.

Outlook

As we predicted at the full year results, the outlook for the Greek economy remains a challenging one, and the results in the first quarter show no signs of economic recovery. While we remain encouraged by early trading in the second quarter at Casino Rodos and Casino Palace, the outlook will continue to remain uncertain until a decision is made by the Greek Government on its tax plans for the current fiscal year.

In the meantime, the Group has made a commitment to diversify its revenue streams by focusing on future developments in the South East Asia region, in particular Cambodia, and the opportunities from online gaming in places like Serbia, and other countries where we operate.

Itay Koppel
Chief Executive Officer, Queenco Leisure International Limited
1 June 2011

QUEENCO LEISURE INTERNATIONAL LTD
Consolidated statements of comprehensive income
(In thousands of €)

	Three months ended 31 March		Year ended 31 December
	2011	**2010**	**2010**
	Unaudited	**Unaudited**	
Revenues	22,471	25,644	96,296
Operating costs			
Cost of revenues	(18,143)	(18,669)	(66,417)
Selling and marketing expenses	(5,490)	(4,803)	(21,018)
General and administrative expenses	(5,031)	(6,484)	(22,670)
Other operating expenses	(33)	(194)	(1,717)
Operating loss	(6,226)	(4,506)	(15,526)
Investment income	130	63	397
Finance costs	(507)	(251)	(1,703)
Foreign exchange gain (loss)	376	(1,198)	(2,827)
Loss before tax	(6,227)	(5,892)	(19,659)
Tax	(25)	(476)	(6,484)
Loss for the period	(6,252)	(6,368)	(26,143)
Other comprehensive income (loss)			
Exchange differences arising on translation of foreign operations	(1,021)	1,753	3,344
Total comprehensive loss for the period	(7,273)	(4,615)	(22,799)
Loss for the period attributable to:			
Equity holders of the parent	(5,687)	(6,131)	(23,855)
Minority interests	(565)	(237)	(2,288)
	(6,252)	(6,368)	(26,143)
Total comprehensive loss for the year attributable to:			
Equity holders of the parent	(6,271)	(4,680)	(21,738)
Minority interests	(1,002)	65	(1,061)
	(7,273)	(4,615)	(22,799)
Loss per share			
Basic and Diluted (¢)	(1.6)	(1.7)	(6.8)

Consolidated statements of financial position

(In thousands of €)

	As at		
	31 March		31 December
	2011	2010	2010
	Unaudited	Unaudited	
Non-current assets			
Intangible assets	9,352	10,730	9,624
Property, plant and equipment	114,720	125,856	117,345
Investment property	2,173	3,973	2,168
Deferred tax asset	3,586	2,828	3,061
Other long term receivables	7,050	8,777	7,264
Total non-current assets	136,881	152,164	139,462
Current assets			
Inventories	884	898	997
Investments	1,340	3,915	2,103
Trade and other receivables	5,728	5,494	6,149
Cash and cash equivalents	16,903	26,371	16,309
	24,855	36,678	25,558
Non - current assets held for sale	3,000	-	3,000
Total current assets	27,855	36,678	28,558
Total assets	164,736	188,842	168,020
Current liabilities			
Accounts payable	(5,179)	(5,427)	(5,498)
Current tax liabilities	(4,791)	(4,996)	(5,616)
Other current liabilities	(17,173)	(20,612)	(16,378)
Bank overdraft and loans	(19,032)	(17,179)	(18,032)
Total current liabilities	(46,175)	(48,214)	(45,524)
Net current liabilities	(18,320)	(11,536)	(16,966)
Total assets less current liabilities	118,561	140,628	122,496
Non-current liabilities			
Long-term bank loans	(7,839)	(6,664)	(7,839)
Other long-term liabilities	(5,795)	(4,262)	(2,177)
Deferred tax	(2,013)	(1,178)	(2,046)
Provision for retirement benefits	(6,201)	(6,021)	(6,091)
Total non-current liabilities	(21,848)	(18,125)	(18,153)
Net assets	96,713	122,503	104,343

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

	As at		
	31 March		31 December
	2011	2010	2010
	Unaudited	Unaudited	
Shareholders' equity			
Share capital	62,530	62,512	62,512
Share premium	131,196	130,998	130,998
Translation reserve	2,447	2,365	3,031
Other reserves	(14,080)	(14,080)	(14,080)
Accumulated deficit	(107,868)	(84,902)	(101,973)
Equity attributable to equity holders of the parent	74,225	96,893	80,488
Minority interest	22,488	25,610	23,855
Total Equity	96,713	122,503	104,348

The financial statements were approved by the board of directors and authorised for issue on 31 May, 2011. They were signed on its behalf by:

Yigal Zilkha	Etay Koppel	Dovrat Dagan
Executive Chairman of the Board	Chief Executive Officer	Chief Financial Officer

31 May, 2011

QUEENCO LEISURE INTERNATIONAL LTD
Consolidated statements of changes in equity
(In thousands of €)

	Share Capital	Share Premium	Hedging & Translation reserve	Other reserve	Accumulated deficit	Parent	Minority Interest	Total Equity
For the three months ended 31 March 2011 (unaudited)								
Balance as at 1 January 2011	**62,512**	**130,998**	**3,031**	**(14,080)**	**(101,973)**	**80,488**	**23,855**	**104,343**
Realization of share options	18	198	-	-	(216)	-	-	-
Translation differences	-	-	(584)	-	-	(584)	(437)	(1,021)
Expense resulting from grant of share options	-	-	-	-	8	8	-	8
Profit share due to the municipality of Loutraki	-	-	-	-	-	-	(365)	(365)
Net loss for the period	-	-	-	-	(5,687)	(5,687)	(565)	(6,252)
Balance as at 31 March 2011	**62,530**	**131,196**	**2,447**	**(14,080)**	**(107,868)**	**74,225**	**22,488**	**96,713**
For the three months ended 31 March 2010 (unaudited)								
Balance as at 1 January 2010	**62,512**	**130,998**	**914**	**(14,080)**	**(79,158)**	**101,186**	**25,444**	**126,630**
Translation differences	-	-	1,451	-	-	1,451	302	1,753
Expense resulting from grant of share options	-	-	-	-	387	387	-	387
Profit share due to the municipality of Loutraki	-	-	-	-	-	-	269	269
Dividend	-	-	-	-	-	-	(168)	(168)
Net profit loss for the period	-	-	-	-	(6,131)	(6,131)	(237)	(6,368)
Balance as at 31 March 2010	**62,512**	**130,998**	**2,365**	**(14,080)**	**(84,902)**	**96,893**	**25,610**	**122,503**

QUEENCO LEISURE INTERNATIONAL LTD
Consolidated statements of changes in equity (cont.)
(In thousands of €)

	Share Capital	Share Premium	Hedging & Translation reserve	Other reserve	Accumulated deficit	Parent	Minority Interest	Total Equity
For the year ended 31 December 2010								
Balance as at 1 January 2010	**62,512**	**130,998**	**914**	**(14,080)**	**(79,158)**	**101,186**	**25,444**	**126,630**
Translation differences	-	-	2,117	-	-	2,117	1,227	3,344
Expense resulting from grant of share options	-	-	-	-	1,040	1,040	-	1,040
Profit share due to the municipality of Loutraki	-	-	-	-	-	-	(359)	(359)
Dividend	-	-	-	-	-	-	(169)	(169)
Net loss for the period	-	-	-	-	(23,855)	(23,855)	(2,288)	(26,143)
Balance as at 31 December 2010	**62,512**	**130,998**	**3,031**	**(14,080)**	**(101,973)**	**80,488**	**23,855**	**104,343**

QUEENCO LEISURE INTERNATIONAL LTD
Consolidated cash flow statements
(In thousands of €)

	Three months ended 31 March		Year ended 31 December
	2011	**2010**	**2010**
	Unaudited	**Unaudited**	
Net cash from operating activities	(3,091)	(5,074)	(14,718)
Investing activities			
Interest received	134	57	372
Purchases of property, plant and equipment	(980)	(1,982)	(6,199)
Proceeds on sale of property, plant and equipment	47	5	1,508
Purchase of other intangibles	(5)	(3)	(26)
Realisation of trading investments	671	1,265	2,564
Instalments for the acquisition of a subsidiary	-	-	(2,964)
Repayment of other long-term receivables	-	-	1,125
Decrease in deposits	-	-	715
Net cash used in investing activities	**(133)**	**(658)**	**(2,905)**
Financing activities			
Dividends paid to minority shareholders	-	(168)	(169)
Repayments of borrowings	-	-	(1,000)
Receipt of long term loan	3,656	-	-
Share of profits paid to Municipality of Loutraki	(365)	(358)	(1,591)
Increase in bank overdrafts	1,000	41	2,489
Net cash provided by (used in) financing activities	**4,291**	**(485)**	**(271)**
Net increase (decrease) in cash and cash equivalents	1,067	(6,217)	(17,894)
Effect of foreign exchange rate changes	(473)	1,528	3,143
Cash and cash equivalents at beginning of period	16,309	31,060	31,060
Cash and cash equivalents at end of period	**16,903**	**26,371**	**16,309**
Tax cash flow	(972)	(970)	(7,232)
Interest paid	(213)	(93)	(834)

NOTE 1 - BASIS OF PREPARATION

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

The Company's main activity is investment, through Israeli and foreign companies, (together, "the Group"), in tourist projects, including casinos and hotels, currently mainly in Greece, Romania, Serbia and the Czech Republic. The activities in Greece are in the city of Loutraki and Rhodes Island. The activities in Romania are currently in the city of Bucharest. The activities in Serbia are in the city of Belgrade. The activities in the Czech Republic are in the city of Prague. The Company provides advisory services to part of the projects.

The unaudited Interim Condensed Consolidated Financial Statements ("Interim Consolidated Financial Statements") for the three month period ended March 31 2011 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 December 31 2010 published on the Company's website on March 31 2011 ("2010 Financial Statements"). The Interim Consolidated Financial Statements should therefore be read in conjunction with the 2010 Financial Statements.

The Interim Consolidated Financial Statements for the three months period ended March 31 2011, were approved by the Board of directors on May 31 2011. The information relating to the year ended December 31 2010 is an extract from the 2010 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, the 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 revaluation 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 2010 Financial Statements.

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 9 - Financial Instruments
- Amendments to IFRS 7 - Financial Instruments: Disclosures
- Amendments to IAS 12 – Income Taxes

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.

In addition to these standards and amendments, the following standards, which are not yet effective and the group has not elected to early adopt them, were issued in May 2011:

- IFRS 10 - "Consolidated Financial Statements" (hereinafter - IFRS 10)
- IAS 27 (Amendment) - "Separate Financial Statements" (hereinafter - IAS 27 Amendment)
- IFRS 12 - "Disclosures of Interests in Other Entities" (hereinafter - IFRS 12);

(in thousands of € unless otherwise stated)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

- IFRS 13 - "Fair Value Measurement" (hereinafter - IFRS 13).

At this stage, the group is evaluating the impact and timing of implementing these standards.

NOTE 3 - NOTES TO THE CONSOLIDATED CASHFLOW STATEMENTS

	3 months ended March 31		Year ended December 31
	2011	**2010**	**2010**
	Unaudited		
Loss before tax	**(6,227)**	**(5,892)**	**(19,659)**
Adjustments for:			
Depreciation of property, plant and equipment	2,936	2,726	11,010
Increase in provisions	241	576	1,518
Loss on sale of property, plant, equipment and investment property	37	-	518
Amortisation of intangible assets	342	411	1,488
Impairments and disposals	-	-	1,199
Investment income	(130)	(63)	(397)
Finance costs	507	251	1,703
Foreign exchange loss (gain)	(376)	1,198	2,827
Expense relating of grant of share options	8	387	951
Operating cash flows before movements in working capital	**(2,662)**	**(406)**	**1,158**
Decrease in inventories	124	170	63
Decrease (increase) in receivables	(85)	412	330
Increase (decrease) in payables	717	(4,187)	(8,203)
Cash generated by operations	**(1,906)**	**(4,011)**	**(6,652)**
Income taxes paid	(972)	(970)	(7,232)
Interest paid	(213)	(93)	(834)
Net cash from operating activities	**(3,091)**	**(5,074)**	**(14,718)**

NOTE 4 - 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 the Company in a total amount of € 19 million at March 31 2011 (€ 19 million and € 14 million at December 31 2010 and at March 31, 2010).

According to a new tax law adopted by the Greek Parliament in April 2010, taxation of profits and dividends of Greek companies has radically changed. The regular tax rate of 24% applied on retained profits will gradually decrease to 20% in the year 2014 and on. Upon distribution of dividends, the tax will increase to a total of 40% on profits from the year 2010. However, the tax rate for the JV activities will increase to 25% on profits from the year 2010 and no additional taxation will apply upon dividend distributions.

In May 2010, following the economical crisis in Greece, the Greek Parliament approved an additional, similar one-off tax. The tax is calculated on the basis of the 2009 profits resulting in an additional tax charge to the Group of € 2.1 million included in the Group's consolidated statements of comprehensive income for the three month period ended in March 31, 2010.

(in thousands of € unless otherwise stated)

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

During the three month period ended March 31 2011, the Group spent approximately € 980 thousand on capital expenditures (mainly for renovations and equipment).

NOTE 6 - SEGMENT INFORMATION

The Group has adopted IFRS 8 Operating Segments with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group consolidates its business segments into one reporting segment based on the provisions of IFRS 8.

Geographical information:

The carrying amounts of non-current assets (fixed asset, investment property and intangible assets) in the Company's country of domicile (Israel) and in foreign countries based on the location of the assets are as follows:

	March 31		December 31
	2011	2010	2010
	Unaudited		
Israel	1,187	1,411	1,335
Greece	82,421	(*)85,642	83,449
Romania	3,086	6,576	3,231
Serbia	18,891	22,060	19,445
Cambodia	12,572	13,174	13,373
Other foreign countries	8,088	11,696	8,300
	126,245	140,559	129,137

(*) Reclassification of fixed asset located in Serbia

Revenues reported in the financial statements derive from the Company's country of domicile (Israel) and foreign countries based on the location of the customers, are as follows:

	3 months ended March 31		Year ended December 31
	2011	2010	2010
	Unaudited		
Israel	52	46	196
Greece	17,143	20,662	76,821
Romania	3,022	3,044	10,393
Serbia	1,255	1,216	4,820
Other foreign countries	999	676	4,066
	22,471	25,644	96,296

NOTE 7 - RELATED PARTY TRANSACTIONS

On May 4 2011 Mrs. Miri Mileikowsky, the Company's Vice President and general counsel, notified that she would end her tenure within three months after the day of her announcement.

NOTE 8 - OTHER INFORMATION

1. The Company encountered certain disagreements with the co-shareholder of 50% in Vasanta ("B.A.T"). Such disagreements resulted in, inter alia, the frequent and lengthy convening of shareholders meetings and board meetings of the companies directly and indirectly controlled by Vasanta , as well as the non performance of various resolutions adopted at such meetings and disagreements as to the substance and interpretation of various resolutions adopted at such meetings (some of which affect the decision making process at CHL).

   The above mentioned disagreements were reflected in, among other ways, various legal proceedings initiated by each of the parties, which may affect the structure of the boards of directors of some of the companies directly and indirectly controlled by Vasanta, the decision making process at such boards of directors, the flow of information to the shareholders of the companies and the distribution of dividends by such companies to their respective shareholders.

   The said have resulted in several legal proceedings served against the Company as well as proceedings initiated by the Company against B.A.T and (to the best knowledge of the Company), B.A.T's ultimate controlling shareholder, Mr. Moshe Bublil, and other disputes such as :

   (a) A dispute related to the amendment of the article of association of CHL upon which all board resolutions passed by simple majority and according to the Company was improperly adopted.
   (b) A dispute as to the presence of Vasanta`s representative in the board of directors of PBS. The Company believes that this resolution was never duly passed.

   In addition, dividends in the amount of € 10 million distributed by CHL to PBS and in which the Company's share is € 5 million, was not further distributed to the Company.

2. In addition to certain disagreements with the co-shareholder of 50% in Vasanta and a motion to approve a derivative claim as mentioned in Note 32 to the 2010 Financial Statement, on May 12, 2010, the Company announced that it has been served with a copy of a motion filed with the Tel Aviv District Court by Club Hotel Eilat Ltd. The remedies requested in the motion include:

   a. A declaratory order that Club Hotel Eilat Ltd is the owner of 3% of the shares of Dasharta Holdings Ltd.

   b. A declaratory order that the Company takes all necessary action to complete the registration of the above mentioned 3% shares in the name of Club Hotel Eilat Ltd.

3. On January 20, 2010 the Company, the Company's wholly-owned subsidiary QLI Management and a third party which is a 8.53% shareholder in Dasharta, a company controlled by Vasanta ("Dasharta") were served with a motion for a restraining order and claim filed with the Tel Aviv District Court by B.A.T., seeking a court order that will cancel the resolutions adopted at the adjourned meeting of Dasharta's shareholders meeting with respect to the need to appoint another director in Dasharta in order to solve deadlock situations, and the manner of such appointment or, alternatively, approving a derivative claim, along with a copy of the derivative claim, to be filed by Vasanta.

4. On February 21, 2010, the court rejected B.A.T.'s request for provisional remedies. In its reply, dated March 10, 2010, the Company stated that both the general and adjourned meetings were duly convened, and any and all resolution adopted on those meetings were duly passed, valid and in accordance with Dasharta's bylaws and that there is no ground for an approval of a derivative claim.

   According to the Company's legal counsels' opinion, at this stage it is not possible to assess the outcome of the claim.

NOTE 8 - OTHER INFORMATION (CONT.)

5. On March 30 2010, Vasanta notified CAIH of the exercise of the Put Option pursuant to which CAIH will purchase from PBS the following securities:

(i) Ordinary shares of PBS constituting 11.74% of the fully diluted share capital of PBS;

(ii) Special share of PBS providing for (A) the right to receive certain amounts out of (1) funds actually received by PBS and attributable to operating income of Casino Belgrade, in which CHL holds a 90% stake, and/or (2) the sale of shares of Casino Belgrade that may be distributed by PBS in the future and (B) the right, for so long as CHL controls Casino Belgrade and PBS controls CHL, 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 Casino Belgrade; and

(iii) A special share providing for certain 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.

The aggregate exercise price of the Put Option payable to PBS is € 49.5 million. In addition, Vasanta's board of directors resolved that, upon exercise of the Put option, PBS will be responsible for the payment of € 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.

On 3 March 2011, Vasanta informed the Company that it has been notified by CAIH that the Put Option Agreement ("POA") dated December 31, 2008 between Vasanta and CAIH, including CAIH's obligation to subscribe to the shares underlying the put option and to pay the consideration therefor, is not legally binding towards CAIH and therefore CAIH will not comply with such obligations.

CAIH further notified Vasanta that it is interested in continuing its business relationship with PBS as well as with its shareholders, and therefore it will try to structure a transaction different than the one contemplated in the POA and expects to be able to present it within approximately six to eight weeks.

Both Vasanta and PBS have advised CAIH (separately) that CAIH's position as to its obligation under the POA is rejected by them and that their position is that the POA is valid and both entities are keeping their rights with this respect.

On April 12 2011, the Company announced that Vasanta informed the Company that it has been notified by CAIH that due to the fact that they are interested in continuing the business relationship with PBS as well as with its shareholders after internal discussion related to the Put Option Agreement ("POA") dated December 31, 2008 between Vasanta and CAIH, they have come up with an alternative structure for a capital increase in PBS which is substantially lower (both in the amount being invested as well as in the shareholdings percentage) from the one contemplated in the POA, and involves allocation of different types of shares to CAIH in PBS.

QLI Management Services Ltd, a wholly owned subsidiary of the Company ("QLIM"), in its capacity as a director in Vasanta, demanded that Vasanta will appoint attorney who will act against CAIH to execute the PUT option agreement. As of the date of the approval of the interim financial statements for the interim period ending 31 March 2011 no decision has been made yet.

6. On 10 March 2011, QLIM received a letter from the Chairman of the Board of Directors of CHL (the "Letter"), addressed to CHL's shareholders, including PBS. The Letter stated that due to the turbulent Greek economy and changes in Greek regulation and the political environment, CHL requests that the Board of Directors of PBS consider a capital injection of up to €15 million into CHL. To the Company's knowledge, as of the date of these accounts, the matters described in the

NOTE 8 - OTHER INFORMATION (CONT.)

Letter have not yet been discussed by CHL's Board of Directors. Until CHL`s Board of Directors discuss the Letter and update the Company on such discussions, the Company is unable to consider the foregoing request. The Company is not obligated to provide a capital injection to CHL, and that to its knowledge, PBS's current cash position is approximately €10 million. A request was forwarded by the Company to CHL`s Chairman of the Board of Directors to convene a meeting of the CHL Board of Directors immediately.

The above is raising a material uncertainty as to the ability of CHL to continue its operations as a going concern without obtaining an extension from Bank Piraeus for the payment of the above mentioned loan and/or finding alternative finance resources until such time CHL's operations will support its finance needs. As to the best of the Company's knowledge, CHL's management has plans for negotiating with Bank Piraeus for an extension of the loan and for a cost reduction plan. CHL's EBITDA for 2010 was approximately € 12.8 million and the 2011 budgeted EBITDA is approximately €17 million. The information with respect to CHL, which contributes a significant portion to the Group's consolidated financial information, is included in the consolidated financial statements under the going concern assumption.