31 August 2011

Queenco Leisure International Ltd

(the "Group" or "QLI"),

Financial Results for the three and six months ended 30 June 2011

Queenco Leisure International Ltd, the emerging markets casino developer and operator, is pleased to report its results for the three and six months ended 30 June 2011.

Financial Highlights for the six months ended 30 June 2011

- Gross revenues were €61.6 million (2010: €68.4million)
- Net Revenues were €44.5 million (2010: €47.7 million)
- EBITDA was negative €5.2 million (2010: €1.5 million)
- Loses before tax were €14.5 million (2010: €10.7 million profit)
- EPS was -3.6¢ (2010: -3.8¢)
- Loss per GDR (each GDR representing 10 ordinary shares) was -36¢ (2010: -38¢)
- Cash and cash equivalents position of €15.2 million as at June 30, 2011

Operating and Business Highlights

- Greek debt crisis and the ultimate shareholders dispute significantly impacting principal operation in Loutraki as the Group remains focused on its forward looking strategy to develop opportunities in South East Asia
  - Lower spend per head continues to impact revenues in Greece
  - Loutraki has seen a drop in customer visits as economic conditions have worsened
- Marketing efforts are being used to maintain customer loyalty across all our casinos
- A new law was passed by the Greek Government on 22 August 2011 granting 35,000 slot machines to OPAP (the Greek Lottery operator), which increases the competition for casino slot customers. In addition the minimal entrance age has been reduced from 23 to 21. Management cannot predict the impact it will have on Loutraki or Rodos
- Strengthened the Board with the appointments of Haim Assayag as new Executive Chairman, responsible for implementing Group strategy, and Gidon Moran as announced on 21 July 2011.
  - Yigal Zilkha is to focus on the development of land based casino and online opportunities in South East Asia

Haim Assayag, Executive Chairman of QLI, commented on the results:

"I am joining QLI at an important time in its history. The gaming market in Greece is likely to remain challenging for the foreseeable future; however we continue to invest in marketing to our customers to ensure customer loyalty which will underpin the long term future of our casinos.In addition the ultimate shareholders dispute in relates to Loutraki is effecting negatively the financial results of the group. We are doing all our efforts to solve the dispute. In addition we are focused on opportunities in South East Asia to diversify our operations portfolio and expand our revenue streams. I am delighted to be joining such a talented and committed team of employees and look forward to working more closely with them as we deliver the Group's strategy".

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

Since our last update, the Greek economic situation has worsened, and again the impact has been felt by our businesses in the country. Loutraki has seen a significant fall in visit numbers of 14% compare to the same period last year. Win per visit at the Greek casinos has continued to decrease as a consequence. Nevertheless, QLI will continue to remove costs from the business provided it does not compromise the ability of our businesses to perform, or maintain investment in marketing and customer loyalty programs when it is appropriate to do so.

We are making steady progress with our strategy to diversify the Group's revenue mix, in particular by focusing on development opportunities in South East Asia. During the quarter we took steps to ensure the successful delivery of that strategy by making a number of Board changes. Haim Assayag, who joined the Board as Executive Chairman comes with a wealth of experience having previously worked at Ernst & Young, and consultancy Arthur Andersen. He will be responsible for ensuring the successful delivery of the Group's strategy while his predecessor, Yigal Zilkha, who remains on the Board, will be focused on laying the foundations for growth in South East Asia where the opportunities to develop land based casinos and online gaming remain exciting. Progress is being made with the joint venture at the Holiday Palace Hotel in Sihanoukville, Cambodia, and plans are well under way with Langham Hospitality Ltd. to operate an Eaton Luxe Hotel on the site of the Holiday Palace Hotel recently the company signed an MOU with BCEG (Beijing Construction Engineering Group) to construct and finance the development of the project . As we mentioned at the last set of results, QLI is exploring the opportunities in online gaming, and the prospect of introducing remote gaming at our casino in Cambodia is one we are particularly excited by.

Summary of financial performance

Results for the six months ended 30 June 2011

Gross revenues were €61.6 million (2010: €68.4 million) whilst net revenues were €44.5 million (2010: €47.7 million). Negative EBITDA was €5.2 million (2010: €1.5 million). Net loss was €14.2 million (2010: loss €14.7 million). Basic loss per share was 3.6¢ (2010: loss 3.8¢) and loss per GDR (each GDR representing 10 ordinary shares) was 36¢ (2010: loss 38¢).

Results for the three months ended 30 June 2011

Gross revenues were €30.2 million (2010: €31.6 million), whilst net revenues were €22 million (2010: €22.1million). Revenues and profits continue to be affected by the debt crisis in Greece and the economic uncertainty in other countries where the Group has operations. Loutraki has witnessed a further drop in spend per head, but also a significant 15% fall in visit numbers as the financial situation in the country deepens further. EBITDA was negative at €2.5 million (2010: €0.7 million negative), a decrease mainly attributed to the €1.3 million increase in selling and marketing in Casino Palace. Net loss was €8.0 million (2010: loss €8.3 million). This loss includes the amortization of assets for sale, totalling €1.9 million. €1.6 million of this is due to a reduction in the price of selling the executive jet at Casino Rodos.

Basic loss per share was 2.0¢ (2010: loss 2.0¢) and loss per GDR (each GDR representing 10 ordinary shares) were 20¢ (2010: loss 20¢).

Operational Review

Results by casino for the six months ended 30 June 2011

Casino	Gross Gaming Revenue (EUR m)		Net Revenue (EUR m)		EBITDA (EUR m)		Visits (000's)		Gross Win per Visit (EUR)		QLI's Economic Interest
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	
Loutraki	71.4	86.1	49.7	59.2	(2.6)	6.3	464	538	154	160	38.5%
Rodos	11.4	12.6	8.1	8.9	(0.6)	0.2	68	69	169	183	91.6%
Palace	7.5	6.1	6.8	5.2	(1.3)	(1.1)	48	52	156	117	83.3%
Belgrade	5.2	5.3	4.8	4.8	0.3	(0.1)	141	148	39	36	34.7%

*Loutraki is consolidated in QLI report as 50% while the results of Rodos and Palace are fully consolidated.
** The results of Casino Beograd are fully consolidated in Loutraki financial statements as from April 1, 2010.

Results by Casino for the three months ended 30 June 2011

Casino	Gross Gaming Revenue (EUR m)		Net Revenue (EUR m)		EBITDA (EUR m)		Visits (000's)		Gross Win per Visit (EUR)		QLI's Economic Interest
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	
Loutraki	31.6	39.3	22.2	27.3	*(2.7)*	4.1	209	247	151	159	38.5%
Rodos	6.7	5.9	4.7	4.2	0.3	0.1	38	36	178	166	91.6%
Palace	4.1	2.5	3.8	2.2	(0.3)	(0.8)	24	25	169	102	83.3%
Belgrade	2.5	2.7	2.3	2.4	0.3	(0.1)	70	73	36	37	34.7%

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

Club Hotel Casino Loutraki ("Casino Loutraki")

Results for the six months ended 30 June 2011 (does not include consolidated results for Casino Beograd)

Gross gaming revenues for the six months ended 30 June 2011 were €71.4 million (2010: €86.1 million), whilst net revenues were €49.7 million (2010: €59.2 million). Over the period Casino Loutraki generated negative EBITDA of €2.**6** million, a decrease of 137% (2010: €6.3 million positive). This was mainly due to the fall in visitor numbers and the fall in win per visit, as customers continued to spend less. but also the increase in other expenses caused by special duties charged for the legalisation of buildings in Loutraki, which amounted to €1.1 million, and the differences in social security contributions relating to previous years (2003-2010) amounting €1.3 million. Staff costs have decreased by €1.9 million during the period due to a reduction in the number of employees, The reduction in managements' salaries, social security contributions and other tax benefits, meant there was a net loss of €8.7 million (2010: loss of €4 million).

Despite the continuing Greek economic crisis, Loutraki continued to attract a high number of visits; 464 thousand in the six months ended 30 June 2011 (2010: 538 thousand), as the casino focused its marketing efforts on maintaining customer levels.

Results for the three months ended 30 June 2011 (does not include consolidated results for Casino Beograd)

During the second quarter period, the casino generated net revenues of €22.2 million (2010: €27.3 million), negative EBITDA of €2.7 million (2010: positive €4.1 million) and a net loss of €5.2 million (2010: €2.8 million). The decrease in the results are mainly due to the decline in the number of visitors, spend per head, and the increase in other expenses relating to special duties charged for the legalisation of buildings in Loutraki, which amounted to €1.1 million, and the differences in social security contributions relating to previous years (2003-2010) of €1.3 million.

Casino Beograd

Casino Loutraki holds a 90% stake in Casino Beograd.

Casino Beograd in which Casino Loutraki holds a 90% stake generated a stable gross and net revenue for the six months ended 30 June 2011 in comparison with 2010, of €5.2 million (2010: €5.3 million) and €4.8 million (2010: €4.8million) respectively. For the first time since inception, Casino Beograd produced a positive EBITDA of €0.3 million, compared to a negative EBITDA of €0.1 million in 2010. This is attributed to a reduction in the cost of revenue. Although the net loss for the period was €2.9 million (2010: loss of €**3.6** million), the reduction is due to a €1.4 million income tax liability in 2010 accounts reflecting changes in the Serbian tax regime.

The casino is still a relatively new addition to the Group's portfolio and continues to grow; attracting 70,000 visitors in the three months ended 30 June 2011 (2010: 73,000). As in most gaming markets across the world, Serbia has been affected by the slowdown in consumer spending; however the continuing improvement in EBITDA indicates the growth in Casino Beograd.

Casino Rodos

Results for the six months ended 30 June 2011

The economic situation in Greece continues to affect the performance of Casino Rodos. Visitors are limiting their budgets when visiting the casino as witnessed by the declining win per visit figures of 7.3% to €169 (2010: €183) which is also having an impact on the gross revenue for the period with gross revenue at €11.4 million (2010: €12.6 million) and net revenue at €8.1 million (2010: €8.9 million). Casino Rodos generated a negative EBITDA of €0.6 million, (2010: €0.2 million) and a net loss of €1.4 million (2010: €1.3 million) for the period. To try to mitigate the slowdown in the Greek tourist market and maintain visitor levels, Casino Rodos is operating a twice weekly private jet charter for VIPs.

Results for the three months ended 30 June 2011

There was a slight increase in net revenues during the second quarter, up to €4.7 million (2010: €4.2 million). EBITDA also slightly improved to €0.3 million (2010: €0.1 million), producing a net loss of €0.2 million (2010: €0.7 million) for the three months ended 30 June 2011. We can attribute this increase to guests increasing their expenditure, but also an increase in visitor numbers in addition to Casino Rodos maintaining costs and the casino's high level of customer service.

Casino Palace

Results for the six months ended 30 June 2011

Gross gaming revenues increased by 23% to €7.5 million (2010: €6.1 million), while net revenues were €6.8 million (2010: €5.2 million). Due to a **113**% increase in marketing and selling expenses this produced a negative EBITDA of €1.3 million (2010: €1.1 million). However, the expense increase has allowed management to invest in new marketing programmes such as jackpots and lotteries in order to attract new players, and although the number of visitors has declined, win per visit has increased by 33.1%; a marketing success which we cautiously welcome.

The recent economic downturn in Romania has taken its toll in Bucharest and as a consequence locals have witnessed five casinos go into administration this year alone, a situation exacerbated by a new tax introduced by the Government on customers entering casinos. Casino Palace is not exempt from these conditions and as a result made a net loss during the period of €2.5 million (2010: €2.0 million)

Results for the three months ended 30 June 2011

Gross gaming revenues increased by 64% to €4.1 million (2010: €2.5 million), while net revenues were €3.8 million (2010: €2.2 million). Due to a 184% increase in marketing and selling expenses this produced a negative EBITDA of €0.3 million (2010: €0.8 million). During the period management have decreased the operational expenses by €0.3 million compared to the same period in 2010, which is mainly due to a reduction in the number of employees. The net loss for the three months ended 30 June 2011 was €1.0million (2010: loss of €1.4 million).

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Results for the six months ended 30 June 2011

During the six month period ended 30 June 2011 there was an increase of 28% to €2.1 million in Gross revenues compared to the same period in 2010. The project has generated a negative EBITDA of €0.2 million (2010: negative EBITDA of €0.5 million) and net loss of €0.9 million (2010: loss of €0.6 million). The net loss is mainly due to the depreciation and amortization of fixed assets.

Results for the three months ended 30 June 2011

During the three month period ended 30 June 2011 there was an increase of 15% to €1.0 million in Gross revenues compared to the same period in 2010. The project has generated a negative EBITDA of €0.1 million (2010: negative EBITDA of €0.2 million) and a net loss of €0.7 million (2010: loss of €0.5 million). The net loss is mainly due to the depreciation and amortization of fixed assets.

Future Projects

We are encouraged by the progress being made in the joint venture at the Holiday Palace Hotel in Sihanoukville, Cambodia. The development is entering its final phase and we look forward to commencing operations in the future which will include the opening of an Eaton Luxe Hotel on the site of the Holiday Palace Hotel with Langham Hospitality Ltd. Recently the company signed an MOU with BCEG (Beijing Construction Engineering Group) to construct and finance the development of the project We are also excited by the prospect of introducing remote online gaming once QLI's newest asset has opened in Cambodia. Delivering this service in Sihanoukville will become an important part of our Group's product offering.

Outlook

The short term outlook remains uncertain, as long as the Greek debt crisis continues, and the impact of the new law approving 35,000 new slot machines in Greece is unknown. In the long term we are confident Loutraki will remain a leading European casino and we will continue to support our core customer base with superior marketing and service levels.

The Group is in the process of diversifying its revenue streams, with its focus on future developments in the South East Asia region. Cambodia in particular and the opportunities from online gaming in other countries are exciting. We look forward to updating the market about these developments in the future.

Itay Koppel
Chief Executive Officer
31 August 2011

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

	3 months ended 30 June		6 months ended 30 June		Year ended 31 December
	2011	**2010**	**2011**	**2010**	**2010**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**	
Revenues	22,001	22,080	44,472	47,724	96,296
Operating costs					
Cost of revenues	(15,977)	(16,056)	(34,120)	(34,725)	(66,417)
Selling and marketing expenses	(6,426)	(4,908)	(11,916)	(9,711)	(21,018)
General and administrative expenses	(5,198)	(5,345)	(10, 229)	(11,829)	(22,670)
Other operating expenses	(1,990)	(1)	(2,023)	(195)	(1,717)
Operating loss	**(7,590)**	**(4,230)**	**(13,816)**	**(8,736)**	**(15,526)**
Investment income	19	123	149	186	397
Finance costs	(461)	(286)	(968)	(537)	(1,703)
Foreign exchange gain (loss)	(216)	(388)	160	(1,586)	(2,827)
Loss before tax	**(8,248)**	**(4,781)**	**(14,475)**	**(10,673)**	**(19,659)**
Tax	265	(3,558)	240	(4,034)	(6,484)
Loss for the period	**(7,983)**	**(8,339)**	**(14,235)**	**(14,707)**	**(26,143)**
Other comprehensive loss					
Exchange differences arising on translation of foreign operations	(149)	1,491	(1,170)	3,244	3,344
Total comprehensive loss for the period	**(8,132)**	**(6,848)**	**(15,405)**	**(11,463)**	**(22,799)**
Loss for the period attributable to:					
Equity holders of the parent	(6,923)	(7,173)	(12,610)	(13,304)	(23,855)
Minority interests	(1,060)	(1,166)	(1,625)	(1,403)	(2,288)
	(7,983)	**(8,339)**	**(14,235)**	**(14,707)**	**(26,143)**
Total comprehensive loss for the period attributable to:					
Equity holders of the parent	(7,113)	(6,394)	(13,384)	(11,074)	(21,738)
Minority interests	(1,019)	(454)	(2,021)	(389)	(1,061)
	(8,132)	**(6,848)**	**(15,405)**	**(11,463)**	**(22,799)**
Loss per share					
Basic and diluted (¢)	(2.0)	(2.0)	(3.6)	(3.8)	(6.8)

Consolidated statements of financial position
(In thousands of €)

	As at		
	30 June		31 December
	2011	2010	2010
	Unaudited	Unaudited	
Non-current assets			
Intangible assets	9,147	10,315	9,624
Property, plant and equipment	112,958	122,392	117,345
Investment property	361	3,824	2,168
Deferred tax asset	3,655	2,866	3,061
Other long term receivables	6,986	9,064	7,264
Total non-current assets	133,107	148,461	139,462
Current assets			
Inventories	898	914	997
Investments	1,291	4,592	2,103
Trade and other receivables	5,230	4,758	6,149
Cash and cash equivalents	15,203	20,369	16,309
	22,622	30,633	25,558
Non - current assets held for sale	3,078	3,000	3,000
Total current assets	25,700	33,633	28,558
Total assets	158,807	182,094	168,020
Current liabilities			
Accounts payable	(5,998)	(6,416)	(5,498)
Current tax liabilities	(4,730)	(5,183)	(5,616)
Other current liabilities	(18,163)	(18,632)	(16,378)
Bank overdraft and loans	(19,143)	(17,135)	(18,032)
Total current liabilities	(48,034)	(47,366)	(45,524)
Net current liabilities	(22,334)	(13,733)	(16,966)
Total assets less current liabilities	110,773	134,728	122,496
Non-current liabilities			
Long-term bank loans	(7,839)	(6,695)	(7,839)
Other long-term liabilities	(5,919)	(4,324)	(2,177)
Deferred tax	(2,019)	(2,137)	(2,046)
Provision for retirement benefits	(6,363)	(5,947)	(6,091)
Total non-current liabilities	(22,140)	(19,103)	(18,153)
Net assets	88,633	115,625	104,343

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

	As at		
	30 June		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	2,257	3,144	3,031
Other reserves	(14,080)	(14,080)	(14,080)
Accumulated deficit	(114,739)	(91,905)	(101,973)
Equity attributable to equity holders of the parent	67,164	90,669	80,488
Minority interest	21,469	24,956	23,855
Total Equity	88,633	115,625	104,348

The financial statements were approved by the board of directors and authorised for issue on 30 August, 2011. They were signed on its behalf by:

Haim Asayag	Etay Koppel	Yigal Zilkha
Executive Chairman of the Board	Chief Executive Officer	Director

30 August, 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 six months ended 30 June 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	-	-	(774)	-	-	(774)	(396)	(1,170)
Expense resulting from grant of share options	-	-	-	-	60	60	-	60
Profit share due to the municipality of Loutraki	-	-	-	-	-	-	(365)	(365)
Net loss for the period	-	-	-	-	(12,610)	(12,610)	(1,625)	(14,235)
Balance as at 30 June 2011	**62,530**	**131,196**	**2,257**	**(14,080)**	**(114,739)**	**67,164**	**21,469**	**88,633**
For the three months ended 30 June 2011 (unaudited)								
Balance as at 1 April 2011	**62,530**	**131,196**	**2,447**	**(14,080)**	**(107,868)**	**74,225**	**22,488**	**96,713**
Translation differences	-	-	(190)	-	-	(190)	41	(149)
Expense resulting from grant of share options	-	-	-	-	52	52	-	52
Net loss for the period	-	-	-	-	(6,923)	(6,923)	(1,060)	(7,983)
Balance as at 30 June 2011	**62,530**	**131,196**	**2,257**	**(14,080)**	**(114,739)**	**67,164**	**21,469**	**88,633**

QUEENCO LEISURE INTERNATIONAL LTD
Consolidated statements of changes in equity
(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 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	-	-	2,230	-	-	2,230	1,014	3,244
Expense resulting from grant of share options	-	-	-	-	557	557	-	557
Profit share due to the municipality of Loutraki	-	-	-	-	-	-	69	69
Dividend	-	-	-	-	-	-	(168)	(168)
Net loss for the period	-	-	-	-	(13,304)	(13,304)	(1,403)	(14,707)
Balance as at 30 June 2010	**62,512**	**130,998**	**3,144**	**(14,080)**	**(91,905)**	**90,669**	**24,956**	**115,625**
For the three months ended 30 June 2010 (unaudited)								
Balance as at 1 April 2010	**62,512**	**130,998**	**2,365**	**(14,080)**	**(84,902)**	**96,893**	**25,610**	**122,503**
Translation differences	-	-	779	-	-	779	712	1,491
Expense resulting from grant of share options	-	-	-	-	170	170	-	170
Profit share due to the municipality of Loutraki	-	-	-	-	-	-	(200)	(200)
Net loss for the period	-	-	-	-	(7,173)	(7,173)	(1,166)	(8,339)
Balance as at 30 June 2010	**62,512**	**130,998**	**3,144**	**(14,080)**	**(91,905)**	**90,669**	**24,956**	**115,625**

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**

Consolidated cash flow statements
(In thousands of €)

	Notes	3 months ended 30 June		6 months ended 30 June		Year ended 31 December
		2011	2010	2011	2010	2010
		unaudited	unaudited	Unaudited	unaudited	
Net cash used in operating activities	3	**(964)**	**(5,102)**	**(4,055)**	**(10,176)**	**(14,718)**
Investing activities						
Interest received		13	125	147	182	372
Purchases of property, plant and equipment		(621)	(1,849)	(1,601)	(3,831)	(6,199)
Proceeds on sale of property, plant and equipment		6	462	53	467	1,508
Purchase of other intangibles		-	(11)	(5)	(14)	(26)
Instalments for the acquisition of a subsidiary		-	-	-	-	(2,964)
Repayment of other long-term receivables		-	-	-	-	1,125
Realisation of (purchases of) trading investments		30	(458)	701	807	2,564
Decrease in deposits		-	-	-	-	715
Net cash used in investing activities		**(572)**	**(1,731)**	**(705)**	**(2,389)**	**(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, net		111	1	1,111	42	2,489
Net cash from (used in) financing activities		**111**	**1**	**4,402**	**(484)**	**(271)**
Net decrease in cash and cash equivalents		(1,425)	(6,832)	(358)	(13,049)	(17,894)
Effect of foreign exchange rate changes		(275)	830	(748)	2,358	3,143
Cash and cash equivalents at beginning of period		16,903	26,371	16,309	31,060	31,060
Cash and cash equivalents at end of period		**15,203**	**20,369**	**15,203**	**20,369**	**16,309**
Tax cash flow		(163)	(2,208)	(1,135)	(3,178)	(7,232)
Interest paid		(353)	(251)	(566)	(344)	(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 six and three month periods ended June 30, 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 six and three month periods ended June 30, 2011, were approved by the Board of directors on August 30, 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)
- IFRS 11 - "Joint Arrangements"

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

- IFRS 12 - "Disclosures of Interests in Other Entities" (hereinafter - IFRS 12);
- IFRS 13 - "Fair Value Measurement" (hereinafter - IFRS 13).
- IAS 19 (2011) - "Employee Benefits"
- IAS 28 (2011) - "Investment In Associate and Joint Venture"
- Amendment to IAS 1 (R) – "Presentation of Financial Statements"

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

NOTE 3 NOTES TO THE CONSOLIDATED CASHFLOW STATEMENTS

(in thousands of € unless otherwise stated)

	3 months ended 30 June		6 months ended 30 June		Year ended 31 December
	2011	2010	2011	2010	2010
	Unaudited	Unaudited	Unaudited	Unaudited	
Loss before tax	**(8,248)**	**(4,781)**	**(14,475)**	**(10,673)**	**(19,659)**
Adjustments for:					
Depreciation of property, plant and equipment	2,756	3,033	5,692	5,759	11,010
Increase (decrease) in provisions	525	(1,251)	766	(675)	1,518
Loss (gain) on sale of property, plant and equipment	(22)	3	15	3	518
Amortisation of intangible assets	225	309	567	720	1,488
Impairment	1,700	-	1,700	-	1,199
Investment income	(19)	(123)	(149)	(186)	(397)
Finance costs	461	286	968	537	1,703
Foreign exchange loss (gain)	216	388	(160)	1,586	2,827
Expense relating to grant of share options	52	170	60	557	951
Operating cash flows before movements in working capital	**(2,354)**	**(1,966)**	**(5,016)**	**(2,372)**	**1,158**
Decrease (increase) in inventories	(16)	(34)	108	136	63
Decrease in receivables	397	430	312	842	330
Increase (decrease) in payables	1,525	(1,073)	2,242	(5,260)	(8,203)
Cash generated by operations	**(448)**	**(2,643)**	**(2,354)**	**(6,654)**	**(6,652)**
Income taxes paid	(163)	(2,208)	(1,135)	(3,178)	(7,232)
Interest paid	(353)	(251)	(566)	(344)	(834)
Net cash from operating activities	**(964)**	**(5,102)**	**(4,055)**	**(10,176)**	**(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 € 20 million at June 30 2011 (€ 19 million and € 16 million at December 31 2010 and at June 30, 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.

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

During the six month period ended June 30 2011, the Group spent approximately € 1,601 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.

(in thousands of € unless otherwise stated)

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:

	June 30		December 31
	2011	2010	2010
	Unaudited		
Israel	1,135	1,481	1,335
Greece	81,665	(*)85,470	83,449
Romania	2,852	5,915	3,231
Serbia	18,221	20,667	19,445
Cambodia	12,318	14,520	13,373
Other foreign countries	6,275	8,478	8,300
	122,466	136,531	129,137

(*) Reclassification of fixed asset located in Serbia

Revenues reported in the financial statements which 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 30 June		6 months ended 30 June		Year ended 31 December
	2011	2010	2011	2010	2010
	Unaudited	Unaudited	Unaudited	Unaudited	
Israel	56	32	108	78	196
Greece	15,812	17,864	32,955	38,526	76,821
Romania	3,810	2,164	6,832	5,208	10,393
Serbia	1,145	1,186	2,400	2,402	4,820
Other foreign countries	1,178	834	2,177	1,510	4,066
	22,001	22,080	44,472	47,724	96,296

NOTE 7 RELATED PARTY TRANSACTIONS

1. On July 21, 2011 Mr. Gidon Moran has been appointed as member of the Board of directors of the Company, with immediate effect.
2. On August 1, 2011 Mrs. Liz Kaiser has been appointed as the General Counsel of the Company, instead of Mrs. Miri Mileikowsky.
3. On August 8, 2011 Mr. Haim Asayag was appointed as the Executive Chairman of the Board of Directors of the Company, with immediate effect. Mr. Yigal Zilkha, the former Chairman, will remain a member of the Board.

NOTE 8 OTHER INFORMATION

1. The Company encountered certain disagreements with the co-shareholder of 50% in Vasanta ("Club Hotel Investment."). 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, inter alia, in 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 foregoing has resulted in several legal proceedings initiated against the Company as well as several legal proceedings initiated by the Company against B.A.T (Management) 2004 Ltd. .(the representative director of Club Hotel Eilat group) and/or Club Hotel Investments and/or Club Hotel Eilat Ltd. and its ultimate controlling shareholder, Mr. Moshe Bublil, including the following:

(a) A dispute related to the amendment of the article of association of CHL upon which all future board resolutions will pass by simple majority, which 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 claims that this resolution was never duly adopted.

In addition, dividends in the amount of € 10 million distributed by CHL to PBS and in which the Company's share is € 5 million, were 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 Statements, 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 according to which Club Hotel Eilat Ltd. is the owner of 3% of the shares of Dasharta Holdings Ltd.

b. A declaratory order according to which the Company shall take all necessary actions in order to complete the registration of the above mentioned 3% shares in the name of Club Hotel Eilat Ltd.

On August 20, the Company received the final payment from Club Hotel Eiltd Ltd. As soon as the shares transfer deed will be finalized 3% of the shares of Dasharta will be held by Club Hotel Eilat.

3. On January 20, 2010, the Company, QLI Management Services Ltd, a wholly owned subsidiary of the Company ("QLIM"), and a third party which is an 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 in 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.

On February 21, 2010, the court rejected B.A.T.'s request for temporary 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 resolutions adopted in those meetings were duly passed, valid and in

NOTE 8 OTHER INFORMATION (CONT.)

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.

4. 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 shares 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 thereof, 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 that is different from 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 should comply with their rights with this respect.

On 4 July 2011, Vasanta informed the Company that it has been renotified by CAIH that the Put Option Agreement ("POA") dated December 31, 2008 between Vasanta and CAIH, including CAIH’s obligation to subscribe for certain shares underlying the put option and to pay the consideration therefore, is not legally binding on CAIH for various reasons (none of which were detailed in CAIH's notification).

CAIH further notified Vasanta that notwithstanding the above, it is interested in reconciling the differences between the parties amicably and therefore it is offering the following:

a. CAIH shall offer to pay a non recurring instalment in the amount of Euro 20 million.
b. CAIH will sell and transfer its shares in CAGG to Vasanta on a price to be negotiated by the parties.

NOTE 8 OTHER INFORMATION (CONT.)

c. Upon completion of the above mentioned payment and transfer of shares, a full release of any potential claim between any direct and indirect party as it relates to the POA shall apply.

On August 4 2011, Vasanta informed the Company that it has been notified by CAIH that CAIH is interested in amicably reconciling the differences between the parties in connection with the POA executed by Vasanta and CAIH on December 31, 2008. In its letter, CAIH offered to pay Vasanta a non-recurring amount of Euro 24 million against the annulment and termination of any asserted claims, rights and duties under the POA which could possibly exist between PBS Vasanta and CAIH.

In the letter, CAIH states that it considers this proposal binding until October 3, 2011.

The Company is considering the foregoing information and its consequences and shall provide updates in accordance with applicable law, rules and regulations.

5. On May 31, 2011 B.A.T (Management) 2004 Ltd. requested to modify the request for a derivative claim, whereby the main modification is the request for a permanent injunction which will prevent the defenders to operate any other site in Cambodia except for the 52H plot and in addition to increase the claim for alleged damages to Agastia regarding the development of the 52H plot from US$3 million to US$6 million.

   The court hearing was scheduled to December 14, 2011.

6. On March 10, 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.

   Until CHL`s Board of Directors discusses the Letter and updates the Company on such discussions, the Company is unable to consider the foregoing request. CHL incurred a net loss of € 8.7 million after minority interest during the six months ended June 30, 2011, a negative cash flow from operating activities of €0.7 million and as of that date, CHL's current liabilities exceeded its current assets by €55.6 million. The current liabilities include an amount of € 37 million relating to an unsecured credit facility used from Piraeus Bank, a related party, which can be called up at any time by the bank. CHL's management does not expect that existing cash reserves together with cash generated from the operations will be sufficient to repay the total credit facility if it is called up. However, CHL's management expects that Piraeus Bank will not demand full repayment of the credit facility within the next 12 months. In addition CHL's management is seeking to increase share capital, as described above, with no final decision having been made until the date of this report, CHL's management is making efforts towards severe cost cuttings in line with the 2011 budget approved by the BoD of CHL. Furthermore the CHL's group has unsecured assets which can be used to secure future debt financing if needed.

   Accordingly the financial information of CHL, has been prepared assuming that the CHL will continue as a going concern and does not include any adjustments relating to the recoverability and classification of recorded asset amounts the amounts and classification of liabilities, or any other adjustments that might result should the CHL be unable to continue as a going concern

   The information with respect to CHL contributes a significant portion to the group's consolidated financial information. However, the group has other activities. .

   In addition, the Company is not obligated to provide a capital injection to CHL, or to cover its liabilities and to the best of the Company's knowledge, PBS's current cash position is approximately €10 million.

NOTE 8 OTHER INFORMATION (CONT.)

7. On June 15, 2011, the Company was notified by the Chairman of PBS that one of the representatives of CAGG in PBS`s board of directors resigned, with immediate effect. After the resignation, PBS`s board of directors consist eight members, and a quorum is constituted upon the participation of 5 members.
   The same director has also notified CHL of his resignation from CHL`s board of directors.
   As of the date of this report, there is a disagreement as to the participation of Vasanta representative in the board of directors of PBS.

8. On June 10, 2011 the Company signed an MOU with Beijing Construction Engineering International Co. Ltd., ("BCEG") a 100% Chinese state-owned company engaged in construction projects in China and across the world. Under the MOU, BCEG will provide QLI with construction services and financing of approximately $25 million for QLI's project in Sihanoukville, Cambodia.

The main terms of the MOU are as following: (a) Construction project to consist of the following three phases: (1) Renovation and re-designing of the existing hotel and casino; (2) Renovation of the hotel and the casino on the beachside; and (3) Designing and building a new tower beside the existing hotel and casino. (b) BCEG will provide financing of approximately $25 million for the project. (c) BCEG will be the QLI's principal constructor in the Sihanoukville, Cambodia project. (d) The foregoing is subject to the execution of a binding agreement.

9. During the period, the company incurred an impairment loss of app. € 0.3 million regarding land held as investment property in Romania. In addition, an impairment charge was recognized regarding the company's air plane, designated as a non current asset held for sale, in the amount of € 1.4 million.