30 November 2011

Queenco Leisure International Ltd

(the "Group" or "QLI"),

Third Quarter Results for the three months ended 30 September 2011

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

Financial Highlights for the three months ended 30 September 2011

- Gross revenues were €28.6 million (2010: €32.5 million)
- Net Revenues were €20.2 million (2010: €22.6 million)
- EBITDA was €1.9 million (2010: €1.9 million)
- Losses before tax were €2.9 million (2010: €2.0 million loss)
- EPS was (0.43)¢ (2010:(0.45)¢)
- Loss per GDR (each GDR representing 10 ordinary shares) was (4.3¢) (2010: (4.5¢))
- Cash and cash equivalents position of €18.0 million as at 30 September 2011

Operating and Business Highlights

- Worsening Greek debt crisis significantly impacting QLI's principal operation, Loutraki
    - Lower spend per head continues to impact revenues
    - 10% drop in customer visits compared to Q3 2010
- Group remains focused on its forward looking strategy to develop opportunities in South East Asia
    - Yigal Zilkha focused on the development of land based casino and online opportunities
    - Signed Memorandum of Understanding ('MoU') to dilute holding in Casino Palace, Romania to 40.8%, and divert investment
    - Queenco Victory Casino ,Sihanoukville is scheduled to open during the festive season
- Possible Delisting and Tender Offer made by Y.Z. Queenco Ltd. for all issued and outstanding securities (including GDRs) of QLI, in consideration for newly issued shares in Y.Z. Queenco Ltd listed on TASE.

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

"The worsening economic conditions in Greece have been impacting our business for some time, and we continue to take actions such as reducing costs in order to mitigate the impact on our operations in the country. The dispute between the shareholders in Loutraki is also negatively affecting the business. However, we have a strategy in place to take advantage of the significant growth from gaming in South East Asia, and we expect to open the Queenco Victory Casino and Hotel in Sihanoukville, Cambodia, during the festive season.

"We are diluting our holding in Casino Palace, Romania to reduce losses and shift the management's attention and investments from Europe to Asia.

"We expect to put a Tender Offer from the parent company to shareholders which will introduce transferring shareholders of QLI into Y.Z. Queenco, a more liquid stock. This will benefit the Group overall, by reducing the expense and complexity of operating two listed companies".

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

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Executive Chairman's Review

Introduction

The worsening economic situation in Greece remains a problem for our principal business in the country, Loutraki. The casino has seen a significant fall in visit numbers during the third quarter of the year of 10% compared to the same period in 2010, and win per visit has continued to decrease as a consequence. We have taken the necessary steps to mitigate the effects on our operations in Greece by reducing costs and are witnessing the important benefits this has had in protecting the business. The dispute between the controlling shareholders in Loutraki is having an adverse impact and as long as there is no solution it will affect the results of the operations.

The Group has set out its strategy to enter gaming markets in South East Asia where the opportunities are significant. My predecessor, Yigal Zilkha, stood down earlier this year to focus his expertise on implementing that strategy which will see the Company focus on land based casinos and the prospect of introducing remote gaming at our casino in Cambodia when it opens. Progress is being made at the joint venture in Sihanoukville, Cambodia, and we expect the Queenco Victory Casino to open during the festive season, together with a 60 room hotel. At the same time we continue with the planning and renovating of the Eaton Luxe Hotel and Casino. As part of our plans to diversify the Group's revenue mix away from Europe and towards Asia, the Group has decided to reduce its stake in Casino Palace, Romania. The Group has signed a MoU with an interested party, who will invest in the Romanian company and subsequently will own 51% of the operation in Romania. The company will not invest additional funds and the QLI loans to the Romanian company will be returned when the operation recovers.

The Group has been trying to identify the best way to generate value for shareholders in the long term, and believes that the solution put forward in a possible Tender Offer for Y.Z. Queenco to buy out QLI is one that will benefit the Group overall, by reducing the expense and complexity of operating two listed companies, but also benefit minority holders by transferring their shares into a more liquid stock. QLI is in the process of consulting shareholders and further announcements relating to the Tender Offer will be made in the future.

Summary of financial performance

Results for the nine months ended September 30, 2011

Gross revenues were €82.7 million (2010: €94.8 million) whilst net revenues were €57.8 million (2010: €65.2 million). EBITDA was negative at €2.2 million (2010: €1.4 million positive EBITDA). Net loss was broadly flat at €17.2 million, compared with the same consolidated nine month period last year (2010: €17.3 million loss). Basic earnings (loss) per share was (4.3¢) (2010: (4.5¢)) and earnings (loss) per GDR (each GDR representing 10 ordinary shares) were (43¢) (2010: (45¢))

Results for the three months ended September 30, 2011

Gross revenues were €28.6 million (2010: €32.5 million) whilst net revenues were €20.2 million (2010: €22.6 million). As previously indicated, revenue and profits were affected by the continuing economic slowdown and while customers continued to visit our casinos in significant numbers, spend per head was down compared to the same period in 2010. Since the second quarter, the Group has returned to positive EBITDA, recording €1.9million (2010: €1.9 million) for the period. Net loss was €3.0 million (2010: €2.6 million loss).

Basic earnings per share was (0.7¢) (2010: (0.7¢)) and earnings per GDR (each GDR representing 10 ordinary shares) were (7.0¢) (2010: (7.0¢)).

Operational Review

Results by casino for the nine months ended 30 September 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	104.8	126.2	74.6	87.4	(0.6)	9.7	695	794	151	159	38.5%
Rodos	19.3	21.4	14.3	15.5	1.5	1.7	119	123	163	174	91.6%
Palace	9.5	8.4	8.6	7.3	(2.5)	(1.6)	65	74	147	113	83.3%
Belgrade	7.3	7.9	6.3	7.1	0.1	0.3	200	217	36	36	34.7%

*Loutraki is consolidated in QLI report as 50% while the results of Rodos and SaSazu 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 September 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	33.4	41.2	24.9	29.8	1.8	4.2	231	256	145	157	38.5%
Rodos	7.9	8.8	6.2	6.5	2.0	1.5	51	54	154	163	91.6%
Palace	2.1	2.4	1.8	2.1	(1.2)	(0.6)	17	25	122	93	83.3%
Belgrade	2.1	2.6	1.5	2.3	(0.2)	0.0	59	69	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")

Visit numbers at Casino Loutraki remain high, but this year they have still been impacted by the worsening economic crisis in Greece, dropping by 10% during the three months ended 30 September 2011. Despite this, the casino has still managed to attract almost 700,000 visitors so far during the nine months of this year. Disputes among the controlling shareholders of Casino Loutraki is also negatively affecting the results of the operations, even though, the investment over the last two years in new gaming facilities and complimentary services has ensured that Loutraki maintains its visit numbers, and continues to appeal to domestic customers. As our customers have been affected by the uncertainty of the debt crisis however, Loutraki has seen a further decrease in the average win per visit, which is down by 7.6% for the three months ended 30 September 2011. Gross gaming revenues for the third quarter were down by 16.9% to €33.4 million (2010: €41.2 million), while net revenues decreased by 14.6% to €24.9 million (2010: €29.8 million).

For the first time this year, the casino generated positive EBITDA of €1.8 million (2010: €4.2 million) during the period, but the decline form the previous year is due to the impact of the economy on spend per head.

Casino Beograd

Casino Loutraki holds a 90% stake in Casino Beograd.

The number of visits at the casino has declined by 7.8% over the nine months to 30 September and by 15.4% over the third quarter of the year. Nevertheless, despite the setbacks this year, Casino Beograd has established its presence in the Serbian capital as a major sight for entertainment in the City. Although the casino has had a difficult third quarter, during the first nine months of the year, it has remained EBITDA positive at €60k (2011: €0.3m), as the casino has focused on reducing its cost base by 24% over the three months to 30 September.

Casino Rodos

The third quarter is the strongest trading period in Casino Rodos due to the influx of tourists over the summer period. We therefore reduced complimentary services during the quarter while enjoying the high amount of tourists visiting the casino, which consequently helped achieve a better EBITDA despite the reduction in revenue. Gross gaming revenues for the three months ended 30 September 2011 decreased by 10.7% to €7.9 million (2010: €8.8 million), while net revenues decreased by 5% to €6.2 million (2010: €6.5 million). Despite this, EBITDA for the third quarter increased by 32.7% to €2.0 million (2010: €1.5 million), as the casino implemented its policy of tightly controlled expenses.

SaSaZu

During the nine months ended 30 September 2011, SaSaZu generated gross revenues of €2.9 million (2010: €2.4 million), as the venue and restaurant continued to remain cash generative. Costs however are still high, generating for the third quarter a negative EBITDA of €0.2 million (2010: negative EBITDA of €0.4 million). The company believes that expenses are likely to decrease over time, and as the project enters its strongest quarter it is most likely to finish the final quarter of the year with a positive EBITDA. The company believes that SaSaZu will become a successful brand that can be extended beyond the Czech Republic.

Casino Palace

Gross gaming revenues for the period of three months to 30 September 2011 were down to €2.1 million (2010: €2.4 million), while net revenues were €1.8 million (2010: €2.1 million). So far this year we have significantly increased marketing and selling expenses on programmes such as jackpots and lotteries which as a consequence produced a negative EBITDA of €1.2 million for the three months ended (2010: €0.6 million).Nevertheless, we can be satisfied that the marketing efforts are driving up win per visit which has increased by 31%.

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 three months ended 30 September 2011 of €1.5 million (2010: €0.8 million).

With this in mind and in line with our strategy to diversify the Group's revenue mix away from Europe and towards Asia, the Group's management decided in August 2011 to dispose of the operating segments in Romania, which the management expects will be completed within a one year period.

The Chairman of the board of the Company, along with the board members, has come to a strategic decision to sell the Romanian asset in its current situation, as the Company has been financially supporting Casino Palace in order for it to remain active. The company has given prospective buyers, a full and clear image of the activity's situation, including its debts to suppliers, governmental institutions and shareholders. The selling price has been determined in light of the operation's losses from 2010 until now, and is a reasonable price in respect of the activity's situation.

On 11 November 2011 the Company entered into a MoU with an unaffiliated third party who will invest an aggregate amount of €700,000 in Queen Investments and be issued with 51% of the issued share capital in the company, thereby diluting QLI's holding to 40.8%.

Going forward, the Company will be disclosing the Casino Palace operation in the financial statement as a discontinued operation.

Future Projects

We believe our strategy to focus in South East Asia will provide future growth for the Company and a diversified revenue stream. The gaming sector in the region is witnessing tremendous growth and our strategy to capitalise on this has provided significant opportunities. We expect the Queenco Victory Casino to open during the festive season, and the Eaton Luxe Hotel and Casino to open within 12 months after the start of renovation. In order to further implement our strategy in South East Asia, Yigal Zilkha will be focusing on developing and seeking opportunities to further develop land based casinos and the prospect of introducing remote gaming at our casino in Cambodia when it opens.

Tender Offer

In order to maximise long term shareholder value the Group has been exploring different options and believes that the solution put forward in a Tender Offer for Y.Z. Queenco to buy out QLI is one that is most beneficial for the Group and shareholders. The deal will reduce the complexity of operating two listed entities and benefit minority holders by transferring their shares into a more liquid stock listed on the TASE. QLI is in the process of consulting shareholders and further announcements relating to the Tender Offer will be made in the future.

Outlook

The Greek economy having deteriorated, and the opportunities in Eastern Europe having reduced, we believe that new and exciting opportunities lie in the South East Asian region. The outlook in Europe will remain tough so long as the Greek debt crisis continues but with our first operation expected to open in South East Asia during the festive season the Group is building foundations for future growth.

Haim Assayag
Executive Chairman
30 November 2011

Consolidated statements of comprehensive income (loss)
(In thousands of €)

	3 Months Ended September 30,		9 Months Ended September 30,		Year ended December 31,
	2 0 1 1	**(**)(*)2 0 1 0**	**2 0 1 1**	**(**)(*)2 0 1 0**	**(*)2 0 1 0**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**	
Revenues	20,200	22,626	57,840	65,215	85,903
Operating costs					
Cost of revenues	(14,366)	(14,600)	(45,719)	(45,979)	(59,837)
Selling and marketing expenses	(3,582)	(5,045)	(11,753)	(13,070)	(17,852)
General and administrative expenses	(3,307)	(4,084)	(11,800)	(14,374)	(19,479)
Other operating expenses	(1,136)	(7)	(2,837)	(202)	(390)
Operating loss	**(2,191)**	**(1,110)**	**(14,269)**	**(8,410)**	**(11,655)**
Investment income	74	93	219	273	378
Finance costs	(552)	(292)	(1,495)	(829)	(1,678)
Foreign exchange gain (loss)	1,195	215	1,371	(1,179)	(2,266)
Loss before tax	**(1,474)**	**(1,094)**	**(14,174)**	**(10,145)**	**(15,221)**
Tax	(37)	(581)	775	(4,156)	(5,779)
Loss from continued operations	**(1,511)**	**(1,675)**	**(13,399)**	**(14,301)**	**(21,000)**
Discontinued operations	(1,491)	(918)	(3,838)	(2,999)	(5,143)
Loss for the period	**(3,002)**	**(2,593)**	**(17,237)**	**(17,300)**	**(26,143)**
Other comprehensive loss:					
Exchange differences	(383)	(1,866)	(1,553)	1,378	3,344
Total comprehensive loss for the period	**(3,385)**	**(4,459)**	**(18,790)**	**(15,922)**	**(22,799)**
Loss for the period attributable to:					
Equity holders of the parent	(2,472)	(2,428)	(15,082)	(15,732)	(23,855)
Minority interests	(530)	(165)	(2,155)	(1,568)	(2,288)
	(3,002)	(2,593)	(17,237)	(17,300)	(26,143)
Total comprehensive loss for the period attributable to:					
Equity holders of the parent	(2,673)	(3,894)	(16,057)	(14,968)	(21,738)
Minority interests	(712)	(565)	(2,733)	(954)	(1,061)
	(3,385)	(4,459)	(18,790)	(15,922)	(22,799)
Total loss per share					
Basic and diluted (¢)	(0.7)	(0.7)	(4.3)	(4.5)	(6.8)
Loss per share for the period attributable to:					
Loss per share from continued operations	(0.3)	(0.5)	(3.4)	(3.7)	(5.5)
Loss per share from discontinued operations	(0.4)	(0.2)	(0.9)	(0.8)	(1.3)
	(0.7)	(0.7)	(4.3)	(4.5)	(6.8)

(*) Represented - See Note 6
(**) Reclassification - see note 2.2

Consolidated statements of financial position

(In thousands of €)

	As at		
	September 30,		December 31,
	2011	2010	2010
	Unaudited	Unaudited	
Non-current assets			
Intangible assets	8,887	9,958	9,624
Property, plant and equipment	109,430	119,373	117,345
Investment property	-	2,551	2,168
Deferred tax asset	3,301	2,607	3,061
Other long term receivables	6,827	7,481	7,264
Total non-current assets	**128,445**	**141,970**	**139,462**
Current assets			
Inventories	584	885	997
Investments	304	2,593	2,103
Trade and other receivables	3,310	5,281	6,149
Cash and cash equivalents	18,002	18,072	16,309
	22,200	26,831	25,558
Assets related to disposal group held for sale	4,285	-	-
Non - current assets held for sale	3,078	3,000	3,000
Total current assets	**29,563**	**29,831**	**28,558**
Total assets	158,008	171,801	168,020
Current liabilities			
Accounts payable	(4,666)	(5,442)	(5,498)
Current tax liabilities	(3,232)	(3,665)	(5,616)
Other current liabilities	(17,210)	(18,113)	(16,378)
Bank overdraft and loans	(19,508)	(17,658)	(18,032)
	(44,616)	(44,878)	(45,524)
Liabilities related to disposal group held for sale	(2,663)	-	-
Total current liabilities	**(47,279)**	**(44,878)**	**(45,524)**
Net current liabilities	(17,716)	(15,047)	(16,966)
Total assets less current liabilities	110,729	126,923	122,496
Non-current liabilities			
Long-term bank loans	(7,339)	(5,626)	(7,839)
Other long-term liabilities	(9,791)	(2,164)	(2,177)
Deferred tax	(1,805)	(2,192)	(2,046)
Provision for retirement benefits	(6,499)	(6,041)	(6,091)
Total non-current liabilities	**(25,434)**	**(16,023)**	**(18,153)**
Net assets	85,295	110,900	104,343

Consolidated statements of financial position (Cont.)

(In thousands of €)

Shareholders' equity			
Share capital	62,530	62,512	62,512
Share premium	131,196	130,998	130,998
Translation reserve	2,056	1,678	3,031
Other reserves	(14,080)	(14,080)	(14,080)
Accumulated deficit	(117,164)	(94,314)	(101,973)
Equity attributable to equity holders of the parent	64,538	86,794	80,488
Minority interest	20,757	24,106	23,855
Total Equity	85,295	110,900	104,343

The financial statements were approved by the board of directors and authorised for issue on 29 November, 2011. They were signed on its behalf by:

29 November, 2011	**Haim Asayag**	**Arie Haviv**
	Executive Chairman of the Board	Comptroller

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 nine months ended September 30, 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 (*)	-	-	(975)	-	-	(975)	(578)	(1,553)
Expense resulting from grant of share options	-	-	-	-	107	107	-	107
Profit share due to the municipality of Loutraki	-	-	-	-	-	-	(365)	(365)
Net loss for the period	-	-	-	-	(15,082)	(15,082)	(2,155)	(17,237)
Balance as at 30 September, 2011	**62,530**	**131,196**	**2,056**	**(14,080)**	**(117,164)**	**64,538**	**20,757**	**85,295**
For the three months ended September 30, 2011 (unaudited)								
Balance as at July 1, 2011	**62,530**	**131,196**	**2,257**	**(14,080)**	**(114,739)**	**67,164**	**21,469**	**88,633**
Translation differences (*)	-	-	(201)	-	-	(201)	(182)	(383)
Expense resulting from grant of share options	-	-	-	-	47	47	-	47
Net loss for the period	-	-	-	-	(2,472)	(2,472)	(530)	(3,002)
Balance as at September 30, 2011	**62,530**	**131,196**	**2,056**	**(14,080)**	**(117,164)**	**64,538**	**20,757**	**85,295**

(*) see Note 6

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 nine months ended September 30, 2010 (unaudited)								
Balance as at January 1 2010	**62,512**	**130,998**	**914**	**(14,080)**	**(79,158)**	**101,186**	**25,444**	**126,630**
Translation differences	-	-	764	-	-	764	614	1,378
Expense resulting from grant of share options	-	-	-	-	576	576	-	576
Profit share due to the municipality of Loutraki	-	-	-	-	-	-	(216)	(216)
Dividend	-	-	-	-	-	-	(168)	(168)
Loss for the period	-	-	-	-	(15,732)	(15,732)	(1,568)	(17,300)
Balance as at September 30, 2010	**62,512**	**130,998**	**1,678**	**(14,080)**	**(94,314)**	**86,794**	**24,106**	**110,900**
For the three months ended September 30 2010 (unaudited)								
Balance as at July 1, 2010	**62,512**	**130,998**	**3,144**	**(14,080)**	**(91,905)**	**90,669**	**24,956**	**115,625**
Translation differences	-	-	(1,466)	-	-	(1,466)	(400)	(1,866)
Expense resulting from grant of share options	-	-	-	-	19	19	-	19
Profit share due to the municipality of Loutraki	-	-	-	-	-	-	(285)	(285)
Loss for the period	-	-	-	-	(2,428)	(2,428)	(165)	(2,593)
Balance as at September 30, 2010	**62,512**	**130,998**	**1,678**	**(14,080)**	**(94,314)**	**86,794**	**24,106**	**110,900**

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 December 31, 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 September 2011 Unaudited	3 Months Ended 30 September 2010 Unaudited	9 Months Ended 30 September 2011 Unaudited	9 Months Ended 30 September 2010 Unaudited	Year ended 31 December 2010
Net cash from (used in) operating activities	3	**3,348**	**(712)**	**(707)**	**(10,888)**	**(14,718)**
Investing activities						
Interest received		87	76	234	258	372
Purchases of property, plant and equipment		(844)	(1,879)	(2,445)	(5,710)	(6,199)
Proceeds on sale of property, plant and equipment		10	1,332	63	1,799	1,508
Purchase of other intangibles		(1)	(22)	(6)	(36)	(26)
Instalments for the acquisition of a subsidiary		-	(2,964)	-	(2,964)	(2,964)
Realisation of trading investments		1,018	1,131	1,719	1,938	2,564
Decrease in deposits		-	715	-	715	715
Repayment of other long term receivables		1,165	1,125	1,165	1,125	1,125
Net cash used in investing activities		**1,435**	**(486)**	**730**	**(2,875)**	**(2,905)**
Financing activities						
Dividends paid to minority shareholders		-	-	-	(168)	(169)
Repayments of borrowings		-	(1,000)	-	(1,000)	(1,000)
Receipt of long term loan		-	-	3,656	-	-
Share of profits paid to Municipality of Loutraki		-	(851)	(365)	(1,209)	(1,591)
Increase in bank overdrafts, net		(135)	423	976	465	2,489
Net cash from (used in) financing activities		**(135)**	**(1,428)**	**4,267**	**(1,912)**	**(271)**
Net decrease in cash and cash equivalents		**4,648**	**(2,626)**	**4,290**	**(15,675)**	**(17,894)**
Effect of foreign exchange rate changes		(1,382)	329	(2,130)	2,687	3,143
Cash and cash equivalents at beginning of period		15,203	20,369	16,309	31,060	31,060
Cash and cash equivalents at end of period		**18,469**	**18,072**	**18,469**	**18,072**	**16,309**
Cash and cash equivalents attributable to discontinued operation		**467**	**-**	**467**	**-**	**-**
Cash and cash equivalents at end of period		**18,002**	**18,072**	**18,002**	**18,072**	**16,309**
Tax cash flow		(1,023)	(2,031)	(2,158)	(5,209)	(7,232)
Interest paid		(437)	(173)	(1,003)	(517)	(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 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 nine and three month periods ended September 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 nine and three month periods ended September 30, 2011, were approved by the Board of directors on November 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. , with the following addition referring to "Discontinued operations" (see "Non-current assets held for sale" applied in 2010 Financial Statements):

When a Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.1 (Cont.)

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"
- 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.

2.2 Reclassifications

Following examinations made by CHL's management regarding the allocation of selling and marketing expenses, CHL's management has decided to change the allocation of selling and marketing expenses to better reflect.

Such change, applied retroactively, has resulted in the reclassification of selling and marketing expenses in the amount of Euro 1,294 thousand and Euro 1,147 thousand for the nine months and three months ended 30 September 2010 (in the financial statements Euro 647 thousand and Euro 574 thousand for the nine months and three months ended 30 September 2010), from Revenues to selling and marketing expenses.

NOTE 3 - NOTES TO THE CONSOLIDATED CASHFLOW STATEMENTS

	3 months ended September 30		9 months ended September 30		Year ended 31 December
	2011	2010	2011	2010	2010
	Unaudited	Unaudited	Unaudited	Unaudited	
Loss for the period	**(3,002)**	**(2,593)**	**(17,237)**	**(17,300)**	**(26,143)**
Adjustments for:					
Depreciation of property, plant and equipment	2,670	2,510	8,362	8,269	11,010
Increase (decrease) in provisions	(159)	610	367	3,969	8,002
Loss (gain) on sale of property, plant and equipment	(11)	132	4	135	518
Amortisation of intangible assets	202	434	769	1,154	1,488
Impairment	-	-	1,700	-	1,199
Investment income	(77)	(92)	(226)	(278)	(397)
Finance costs	568	295	1,536	832	1,703
Foreign exchange loss (gain)	(1,150)	(189)	(1,310)	1,397	2,827
Expense relating to grant of share options	47	19	107	576	951
Operating cash flows before movements in working capital	**(912)**	**1,126**	**(5,928)**	**(1,246)**	**1,158**
Decrease in inventories	122	39	230	175	63
Decrease in receivables	202	34	514	876	330
Increase (decrease) in payables	5,396	293	7,638	(4,967)	(8,203)
Cash generated by operations	**4,808**	**1,492**	**2,454**	**(5,162)**	**(6,652)**
Income taxes paid	(1,023)	(2,031)	(2,158)	(5,209)	(7,232)
Interest paid	(437)	(173)	(1,003)	(517)	(834)
Net cash from operating activities	**3,348**	**(712)**	**(707)**	**(10,888)**	**(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 September 30 2011 (€ 19 million and € 16 million at December 31 2010 and at September 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 nine month period ended September 30 2011, the Group spent approximately € 2,445 thousand on capital expenditures (mainly for renovations and equipment).

NOTE 6 - DISCONTINUED OPERATION IN ROMANIA

On August 2011 the Group management decided to dispose of the operating segments in Romania.
The management expects that the disposal of the activity in Romania is expected within a period of a year.

The activity in Romania is to be sold in its current situation, the company has been financially supporting the activity in order for it to remain active. The company has given prospective buyers, a full and clear image of the activity's situation, including its debts to suppliers, governmental institutions and shareholders. The Chairman of the board of the Company, along with the board members, have come to a strategic decision to sell the activity in Romania. Since the activity is a specialized operation, requiring specific knowledge within the gambling field, it was decided to discretely approach potential buyers in order to avoid additional damage to the activity which could be caused by indiscrete advertising of the sale. The selling price has been determined in light of the activities losses from the year 2010 until now, and is a reasonable price in respect of the activity's situation.

On November 11, 2011 the Company entered into a letter of intent with an unaffiliated third party for the investment in Queen Investments. The material terms of the letter of intent are as follows:

(a) The investor will invest in Queen Investments an aggregate amount of Euro 700,000, with Euro 300,000 of such amount to be invested within seven (7) days after execution of the letter of intent and the remaining Euro 400,000 to be invested by February 28, 2012.

(b) As consideration for the foregoing investment, the investor will be issued shares that will represent, immediately after the issuance thereof, 51% of the issued and outstanding share capital of Queen Investments. Such shares will be held in escrow until the investor pays the second part of the investment.

(c) The investor will have the right to appoint all of the directors of Queen Investments and to designate the Chairperson of the Board of Directors of Queen Investments. In addition, the investor will have the right to appoint the Chief Executive Officer of Queen Investments.

(d) The letter of intent addresses the distribution by Queen Investments of cash to QLI and the investor (whether as repayment of loans or as payment of dividends); certain information rights of QLI and the investor; and conditions as to the consummation of the transaction.

(e) Queen Investments and the investors will cooperate in drafting and executing, within 30 days, definitive agreements that will address, among other matters, tag along, bring along and right of first refusal. Consummation of the transaction is subject to, among other things, (i) receipt of approval of the Romanian governmental authorities that Queen Investments' casino operating license will remain in effect after consummation of the foregoing transactions and (ii) approval by the board of directors and general

NOTE 6 - DISCONTINUED OPERATION IN ROMANIA (Cont.)

assembly of each of the parties. Upon consummation of the foregoing transactions, the consulting agreement between QLI and Queen Investments will be terminated.

If the necessary approvals are not obtained within 60 days or the definitive agreements are not executed within 30 days, each party may terminate the letter of intent.

The results of the discontinued operation for the relevant periods were as follows:

	3 months ended September 30,		9 months ended September 30,		Year ended December 31,
	2011	**2010**	**2011**	**2010**	**2010**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**	
Revenues	1,772	2,124	8,604	7,332	10,393
Operating costs	3,053	2,659	11,301	9,303	12,937
Finance costs, net	58	30	95	216	567
Other expenses	10	128	332	128	1,327
Loss before tax	1,349	693	3,124	2,315	4,438
Income tax	142	225	714	684	705
Loss for the period	1,491	918	3,838	2,999	5,143

The cashflows of the discontinued operation for the relevant periods were as follows:

	3 months ended September 30,		9 months ended September 30,		Year ended December 31,
	2011	**2010**	**2011**	**2010**	**2010**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**	
Net cash used in operating activities	(1,346)	(1,369)	(2,619)	(2,135)	(2,708)
Net cash from (used in) investing activities	4	1,841	(35)	1,101	1,351
Net cash used in financing activities	-	-	-	-	-

Translation differences from discontinued operation

	3 months ended September 30,		9 months ended September 30,		Year ended December 31,
	2011	**2010**	**2011**	**2010**	**2010**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**	
Change during the period	(22)	363	106	(596)	(739)

NOTE 6 - DISCONTINUED OPERATION IN ROMANIA (Cont.)

The balance of the discontinued operation as at 30 September, 2011 is as follow:

	September 30, 2011
	Unaudited
Non-current assets	
Intangible assets	105
Property, plant and equipment	2,221
Investment property	341
Other long term receivables	188
Total non-current assets	2,855
Current assets	
Inventories	186
Investments	5
Trade and other receivables	772
Cash and cash equivalents	467
Total current assets	1,430
Total assets	4,285
Current liabilities	
Accounts payable	(903)
Current tax liabilities	(156)
Other current liabilities	(1,397)
Total current liabilities	(2,456)
Non-current liabilities	
Deferred tax	(177)
Provision for retirement benefits	(30)
Total non-current liabilities	(207)
Total liabilities	(2,663)

NOTE 7 - 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:

	September 30,		December 31,
	2011	(*)2010	2010
	Unaudited		
Israel	1,073	1,313	1,335
Greece	80,689	81,180	83,449
Romania	-	4,771	3,231
Serbia	17,639	19,646	19,445
Cambodia	13,036	13,022	13,377
Other foreign countries	5,880	11,950	8,300
	118,317	131,882	129,137

(*) Reclassification of fixed asset located in Serbia

NOTE 7 - SEGMENT INFORMATION (Cont.)

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 September 30,		9 months ended September 30,		Year ended December 31,
	2 0 1 1	(*)(**)2 0 1 0	2 0 1 1	(*)(**)2 0 1 0	(**)2 0 1 0
	Unaudited	Unaudited	Unaudited	Unaudited	
Israel	18	34	126	112	196
Greece	18,642	20,689	51,597	59,787	76,821
Serbia	758	1,138	3,158	3,540	4,820
Other foreign countries	782	765	2,959	1,776	4,066
	20,200	22,626	57,840	65,215	85,903

(*) Reclassification of income from Serbia

(**) Represented - See Note 6

NOTE 8 - RELATED PARTY TRANSACTIONS

1. On July 21, 2011 Mr. Gidon Moran was appointed as member of the Board of directors of the Company, with immediate effect.

2. On August 1, 2011 Mrs. Liz Kaiser was appointed as the General Counsel of the Company. The former General Counsel. Mrs. Miri Mileikowsky has completed her office, with effect as of July 31, 2011.

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, remains a member of the Board.

4. On October 1, 2011 Mr. Itay Koppel, the Company's Chief Executive Officer, reached an agreement as to his retirement from office.
   Mr. Koppel will continue to provide consulting services to the Company for a period of three years, subject to customary terms and conditions.

NOTE 9 - 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.

NOTE 9 - OTHER INFORMATION (Cont.)

1. (Cont.)

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 Ltd. 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.

In August 2011 the Company received the final payment from Club Hotel Eilat Ltd.and the shares were transferred to 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 accordance with Dasharta's by law 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 9 - OTHER INFORMATION (Cont.)

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 July 4, 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.
   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.

NOTE 9 - OTHER INFORMATION (Cont.)

4. (Cont.)

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.

As of the date of the signing of this report the offer has expired and wasn't approved by Vasanta's BOD.

Vasanta began legal proceedings to enforce the POA.

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 defendants 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 is scheduled for February 6, 2012.

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 € 14.5 million after minority interest during the nine months ended September 30, 2011, CHL's current liabilities exceeded its current assets by € 47.9 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.

NOTE 9 - OTHER INFORMATION (Cont.)

6. (Cont.)

   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 € 8.7 million.

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 consists of eight members, and a quorum is constituted upon the participation of 5 members. The same director 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's representative in the board of directors of PBS.

8. On September 6, 2011 the Company filed a lawsuit in the Tel Aviv District Court against Agastia holdings Ltd.,a company held indirectly by the Company (50%), Club Hotel Eilat Ltd. (41.47%) and Hapara Ilana Ltd. (8.53%) ("Agastia").In the claim, amounting to NIS 42 Million (inclusive of linkage differentials and interest), the Company demands that Agastia repay the Company the monies lent to Agastia by the Company in 2007, which were used (together with monies lent to Agastia by other parties) to buy a land parcel of 52 Hectares in the city of Sihanoukville, Cambodia.

9. On September 25, 2011 the Company filed in the Tel Aviv District Court together with, inter alia, Mr. Yigal Zilkha, the controlling shareholder of (Y.Z) Queenco, a lawsuit against Mr. Moshe Bublil, Club Hotel Investments (C.H.) Ltd. and others.

   The claim describes a systematic, methodological oppression applied by Mr. Bublil and companies under his control against the plaintiffs, which occurred in the framework of the "Club Hotel Loutraki Greece" joint venture. Such oppression was effected through the breach of agreements, the attempt to financially "suffocate" the joint venture companies, as well as through obtaining in illegitimate ways certain resolutions of the corporate organs of the joint venture.

   The lawsuit requests various reliefs intended to terminate the foregoing oppression. Most importantly, the plaintiffs are seeking a valuation of the parties' respective holdings in the joint venture companies, which will be the basis for the termination of the partnership between the ultimate shareholders engaged in the "Club Hotel Loutraki Greece" tourism enterprise.

   The Company and (Y.Z) Queenco Ltd. submitted the lawsuit after exhausting the viable options to resolve the continuous conflict without the assistance of the court. Such ongoing conflict led the joint companies to a deadlock, resulting in damages caused to the joint venture.

10. 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.

NOTE 9 - OTHER INFORMATION (Cont.)

10. (Cont.)

    (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.

11. On November 8, 2011 the board of directors of (Y.Z). Queenco Ltd. ("YZ") approved the exchange ratio for the tender offer.

    Consummation of the foregoing tender offer is subject to various conditions, including the following:

    (a) Compliance with Israeli law with respect to the minimum number of Company securities that must be tendered.

    (b) Approval of the tender offer by the shareholders of YZ, including the special majority among the non-interested shareholders.

    (c) Obtaining the approval of the Israeli Securities Authority for amending a registration statement of YZ in order to enable the issuance of the YZ shares in exchange for the Company securities.

    (d) The filing by YZ of certain reports required under the Israeli Securities Law.

12. On November 22, 2011 the National Assembly of Serbia adopted an amendment of the Serbian Gaming Law regarding the extension of the license granted to Casino Beograd. The Company is now inspecting whether the new regulations are in accordance with the understandings reached in the international arbitration with respect to the exclusivity of such license. In the event of such correspondence, the international arbitration proceedings will be ceased.

13. 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.