27 November 2013

Queenco Leisure International Ltd.
(The "Company" or "QLI", and together with its subsidiaries, associated companies and joint ventures, the "Group"),

Financial Results for the 9 months ended 30 September 2013

Queenco Leisure International Ltd., the emerging markets developer and operator of casinos and entertainment centers, is pleased to report its financial results for the 9 months ended 30 September 2013.

Operating and Business Highlights

- The Group's activities are adversely affected by the global economic crisis in general and the economic crisis in Greece in particular, and by various disagreements with other shareholders of its subsidiaries and associated companies (as further detailed in Note 6 of the attached financial statements). As a result the Company was not able to meet its original repayment schedules of loans and credits received from (Y.Z.) Queenco Ltd. (the Company's parent corporation, "Y.Z.") and from a previous shareholder in one of the Company's subsidiaries. So far, the Company has succeeded in reaching understandings with Y.Z and the abovementioned previous shareholder regarding a rescheduling of the repayment schedules such that they will coincide with the Company's payment abilities. Following its August 2013 rights issue, the Company has repaid a portion of its outstanding obligations to Y.Z. in the amount of €1.6 million. As of 30 September 2013, the Company's outstanding obligations to the previous shareholder and Y.Z. amounted to €0.7million and €4.9 million, respectively. Company's management is of the opinion that the Company will succeed in the future, if needed, in rescheduling the repayment schedules of loans from both Y.Z. and the previous shareholder. The Group is continuing in the implementation of its cost savings plans and is in the process of expanding their scope, mainly in Rhodes, due to the decrease in revenues caused by the economic situation. The Group is also in a process of realization of excess assets. The Company's ability to meet all its obligations in the foreseeable future is highly dependent on the Company's ability to successfully execute such plans. The aforesaid raise substantial doubt about the Company's ability to continue as a going concern. For a more detailed description of our financial condition, see Note 1.2 to the attached financial statements.
- The Greek economic crisis has been prolonged although a new government was elected in September 2012:
    - The uncertainty further exacerbates the gaming results at Loutraki and Rodos.
    - A lower minimum wage and renegotiation of employees' collective benefit agreements, may contribute to the Group's cost reduction scheme.
- Due to the continued decline of Casino Loutraki and other information provided to the Company in this regard, the Company has conducted an additional impairment test concerning this project in connection with its financial statements for the second quarter of 2013, as more fully described in Note 1.2 to our financial statements. As a result, the Company wrote an impairment loss of 12.8 million under "impairment of investment in an associated company" for the nine months ended 30 September 2013.
- For developments regarding Casino Rodos' pending Greek corporate tax litigation, please see Note 1.2 to our quarterly financial statements attached herewith. Information concerning the status of Casino Rodos' bank loan is also set forth in Note 1.2 to the attached financial statements.
- On 12 August 2013 the Company completed a rights issue of its ordinary shares ("New Shares") , of which a portion were offered in the form of GDRs. The completion of the rights issue resulted in the subscription of 488,408,824 New Shares par value NIS 1.00 each, of which 119,577,600 are represented by GDRs (including through an over-subscription mechanism as detailed in the Rights Issue Memorandum) for a total consideration of approximately €5.8 million (including approximately €4.4 million received from the Company's controlling shareholders).

  Following the rights issue, the issued share capital of the Company is comprised of 1,098,919,854 ordinary shares with a nominal value of NIS 1.00 each.

  Upon completion of the rights issue, YZ and its wholly owned subsidiary, which held prior to the completion of the rights issue approximately 67% of the Company's issued share capital, transferred the entire amount of New Shares purchased by them in the rights issue to A.S.Y.V Hotels Ltd. ("A.S.Y.V"), an Israeli corporation. Consequently, A.S.Y.V now holds approximately 33.5% of the issued and outstanding share capital of the Company; and Y.Z. and its wholly owned subsidiary, together with another corporation controlled by Yigal Zilkha (one of the controlling persons of Y.Z.), now hold approximately 42.4% of the issued and outstanding share capital of the Company. On 4 September 2013, Y.Z. and A.S.Y.V entered into a shareholders agreement, which limits their ability to sell their shares and governs their voting as shareholders of the

Company. Please see Note 1.1 to the attached financial statements for further details concerning this agreement.

- Please see note 6 to the attached financial statements for details concerning directorate and management changes that occurred during the period.
- On 2 October 2013 the Company entered into an agreement with a third party for the sale of QLI's operation in Prague. Consequently, the Prague operations are presented in the financial statements as discontinued, for all periods presented. For further information concerning this agreement, please see Note 6 to the attached financial statement.
- The Group decided to strategically move away from Europe, towards South East Asia where the opportunities remain more lucrative.
- The Group's strategy to diverse revenue mix is progressing:
    - Queenco Casino in Sihanoukville, Cambodia soft launched during 2012, giving us a strong platform for the future.
    - Exploring online gaming in areas where the Group already operates continues to progress well.
    - Developments in future South East Asia projects form part of our long term strategy.
- The Company adopted IFRS 11, which removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. The application of this new standard impacted the financial position of the Group by replacing proportionate consolidation of the joint venture in Vasanta with the equity method of accounting. IFRS 11 is effective for periods beginning on 1 January 2013.
- The Company has recently adopted an internal corporate governance and securities laws' compliance plan.
- The Company is expected to convene in the near future an annual and extraordinary shareholders meeting for the approval, among other things, of a remuneration policy for its office holders, as required under the Israeli Companies Law of 1999.

Financial Highlights for the 9 months ended 30 September 2013 (as compared to the 9 months ended 30 September 2012)

- Gross revenues were €17.9 million (2012: €17.4 million)
- Net Revenues were €11.9 million (2012: €12.3 million)
- EBITDA was negative €1.3 million (2012: negative €2.3 million)
- Loss for the period was €20.2 million (2012: profit of €13.7 million)
- Cash and cash equivalents were €5.9 million as of 30 September 2013

Yigal Zilkha, Chairman of QLI, commented on the results:

"We have witnessed some progress in Greece, which in the long term will hopefully allow Greece to turn a corner, but uncertainty remains as to the manner and timeframe of Greece's recovery. This situation adversely affects our Greece's operations

“Along with the implementation of our cost-saving plans in our European projects, we have shifter our focus to South East Asia. The opening of Queenco Casino and Hotel in Sihanoukville, Cambodia, has shown some very promising signs and we remain excited by what we can achieve in Asia in the future.

“We have successfully completed our rights issue in August 2013 for a total net consideration of approximately €5.8 million.

"I would like to thank the shareholders and GDR holders who participated in our recent rights issue”.

Chief Executive’s Review

Introduction

The Group decided to strategically move away from Europe towards South East Asia, in order to decrease the losses we had previously incurred. The strategy to diverse revenue mix remains on course having successfully soft launched Queenco Casino in Sihanoukville, Cambodia, among other things.

Summary of financial performance

Results for the 9 months ended 30 September 2013 (as compared to the 9 months ended 30 September 2012)

Gross revenues were €17.9 million (2012: €17.4 million), an increase of 2.9% whilst net revenues decreased by 3.3% to €11.9 million (2012: €12.3 million), a decrease of €0.4 million, which is mainly due to the decrease in win per visit in the first nine month of 2013. Revenues continue to be suppressed by the prolonged economic crisis in Greece where the Group generates 93.69% of its net revenue from Casino Rodos. The decrease in win per visit is putting pressure on EBITDA which remains negative at €1.3 million (2012: negative €2.3 million). The Company's net loss during the period amounts to €20.2 million (2012: profit €13.7 million). This period's net loss is primarily the result of the impairment loss recorded with respect to Casino Loutraki.

Cash and cash equivalents amounted to €5.9 million as of September 30, 2013. The Company's management is of the opinion that the Company has good chances of executing a major portion of its plans in a timely manner. Accordingly the Company's management is of the opinion that it's existing cash and the expected inflow of cash through the successful execution of its plans, will enable the Company to meet the needed cash levels required for the Group's operations and the payment of its obligations when due.

Basic loss per share was 0.01¢ (2012: Profit (0.17¢)) and loss per GDR (each GDR representing 10 ordinary shares) were 0.1¢ (2012: Profit (1.7¢)).

Operational Review

For detailed results by project for the 9 months ended 30 September 2013 and 2012 see Note 4 of the attached financial statement: segment information.

Casino Rodos

Results for the 9 months ended 30 September 2013 (as compared to the 9 months ended 30 September 2012)

As would be expected, revenues at Casino Rodos, the only casino located on the holiday island of Rhodes, continue to be impacted by the uncertainty in the Eurozone and the pending Greek decision on their bailout conditions. Net gaming revenues amounted to €11.1 million (2012: €11.3 million) mainly due to a reduction in wins per visit which is attributed to visitors' lower disposable income. However, due to our cost reduction and other efforts invested in Casino Rodos, EBITDA generated for the 9 months was €1 million compared to EBITDA of €0.04 million for the previous period last year.

Queenco Casino, Sihanoukville

During the year 2012 Queenco Casino in Sihanoukville has gone through a soft launch and we are encouraged by the revenue generation that the Casino is currently creating for the Group. This further confirms our strategy to move away from European gaming markets and further explore the opportunities that South East Asia has to offer.

Outlook

The sale of our Prague operations and our activities to sell our assets in Bulgaria are in line with our current strategy to move away from Europe and to continue to explore opportunities in South East Asia and online gaming opportunities.

Yariv Lerner
Chief Executive Officer, Queenco Leisure International Limited
27 November 2013

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

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QUEENCO LEISURE INTERNATIONAL LTD

Interim condensed consolidated financial statements for the interim periods ending 30 September 2013

(Unaudited)

QUEENCO LEISURE INTERNATIONAL LTD

Interim condensed consolidated financial statements

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QUEENCO LEISURE INTERNATIONAL LTD

Consolidated Statements of Comprehensive Income (Loss)

(In thousands of €)

	3 months ended 30 September 2013	3 months ended 30 September 2012 (*)	9 months ended 30 September 2013	9 months ended 30 September 2012 (*)	Year ended 31 December 2012 (*)
	unaudited		unaudited		
Revenues	6,351	5,714	11,856	12,273	15,221
Operating costs					
Cost of revenues	(3,444)	(3,136)	(9,175)	(9,100)	(12,031)
Selling and marketing expenses	(1,105)	(1,342)	(2,048)	(3,136)	(3,739)
General and administrative expenses	(1,084)	(1,063)	(3,418)	(3,864)	(4,288)
Other operating expenses	-	(18)	(478)	(797)	(709)
Share of results of associated company and joint ventures	107	(1,157)	96	23,403	19,846
Impairment of investment in associated company	-	-	(12,886)		(46,666)
Operating profit (loss)	**825**	**(1,002)**	**(16,053)**	**18,779**	**(32,366)**
Investment income	51	50	138	145	199
Finance costs	(392)	(417)	(1,149)	(1,088)	(1,341)
Foreign exchange gain (loss)	(104)	298	(840)	449	(258)
Profit (loss) before tax	**380**	**(1,071)**	**(17,904)**	**18,285**	**(33,766)**
Tax benefit (expense)	25	29	227	(323)	(1,010)
Profit (loss) from continued operations	**405**	**(1,042)**	**(17,677)**	**17,962**	**(34,776)**
Loss from discontinued operations (**)	(176)	(128)	(2,481)	(4,222)	(4,620)
Total profit (loss) for the period	**229**	**(1,170)**	**(20,158)**	**13,740**	**(39,396)**
Other comprehensive income (loss) items to be reclassified to profit or loss in subsequent periods:					
Transfer to profit and loss of translation reserve from disposal of subsidiary	-	-	-	11,107	11,107
Exchange differences arising on translation of foreign operations	(733)	(875)	271	(480)	(420)
Share of other comprehensive income (loss) of associated	-	257	-	(517)	(546)
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	**(733)**	**(618)**	**271**	**10,110**	**10,141**
Items not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of net defined benefit liability	-	-	-	-	(642)
Share of other comprehensive income of associated company	-	-	-	-	(742)
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods	**-**	**-**	**-**	**-**	**(1,384)**
Net other comprehensive income (loss)	**(733)**	**(618)**	**271**	**10,110**	**8,757**
Total comprehensive income (loss) for the period	**(504)**	**(1,788)**	**(19,887)**	**23,850**	**(30,639)**

(*) Restated for retrospective implementation of IFRS 11 and IAS19R.

(**) For additional information see Note 1

QUEENCO LEISURE INTERNATIONAL LTD

Consolidated Statements of Comprehensive Income (Loss) (Cont.)

(In thousands of €)

	3 months ended 30 September		9 months ended 30 September		Year ended 31 December
	2 0 1 3	**2 0 1 2 (*)**	**2 0 1 3**	**2 0 1 2 (*)**	**2 0 1 2 (*)**
	unaudited		**unaudited**		
Total profit (loss) for the period attributable to:					
Equity holders of the parent	135	(1,131)	(19,674)	14,208	(38,712)
Non-controlling interest	94	(39)	(484)	(468)	(684)
	229	**(1,170)**	**(20,158)**	**13,740**	**(39,396)**
Total comprehensive income (loss) for the period					
Equity holders of the parent	(424)	(1,471)	(19,850)	24,582	(30,007)
Non-controlling interest	(80)	(317)	(37)	(732)	(632)
	(504)	**(1,788)**	**(19,887)**	**23,850**	**(30,639)**
Profit (loss) per share for the period attributable to (***):					
Profit (loss) per share from continued operations (¢) - basic and diluted	0.03	(0.15)	(1.91)	2.70	(4.84)
Profit (loss) per share from discontinued operations (¢) - basic and diluted	(0.02)	(0.02)	(0.28)	(0.62)	(0.66)
	0.01	**(0.17)**	**(2.19)**	**2.08**	**(5.49)**

(*) Restated for retrospective implementation of IFRS 11 and IAS19R.

(***) Restated to reflect share issuance as a result of exercise of rights in 2013.

QUEENCO LEISURE INTERNATIONAL LTD
Consolidated statements of Financial Position
(In thousands of €)

	As at		
	30 September		31 December
	2 0 1 3	2 0 1 2 (*)	2 0 1 2 (*)
	Unaudited	Unaudited	
Non-current assets			
Intangible assets	2,134	2,140	2,139
Property, plant and equipment	19,780	33,121	32,416
Investment in an associated company and joint ventures	13,501	77,903	26,652
Deferred tax asset	547	1,080	392
Other long term receivables	1,657	1,877	1,910
Total non-current assets	**37,619**	**116,121**	**63,509**
Current assets			
Inventories	133	337	310
Investments	-	7	2
Trade and other receivables	1,888	2,079	2,256
Cash and cash equivalents	5,880	3,253	2,406
	7,901	**5,676**	**4,974**
Assets related to discontinued operations held for sale (**)	2,457	**-**	**-**
Non - current assets held for sale	**8,803**	**3,078**	**1,478**
Total current assets	**19,161**	**8,754**	**6,452**
Total assets	**56,780**	**124,875**	**69,961**
Current liabilities			
Accounts payable	1,211	1,476	1,333
Current tax liabilities	1,559	1,740	1,684
Other current liabilities	7,481	12,078	8,879
Bank overdraft and loans	6,787	1,010	1,010
	17,038	**16,304**	**12,906**
Liabilities related to discontinued operations held for sale (**)	1,657	-	-
Total current liabilities	**18,695**	**16,304**	**12,906**
Total assets less current liabilities	**38,085**	**108,571**	**57,055**
Non-current liabilities			
Long-term bank loans	-	6,246	5,754
Other long-term liabilities	3,801	3,608	2,918
Deferred tax	24	96	96
Provision for retirement benefits	807	570	732
Total non-current liabilities	**4,632**	**10,520**	**9,500**
Net assets	**33,453**	**98,051**	**47,555**

(*) Restated for retrospective implementation of IFRS 11 and IAS19R
(**) For additional information see Note 1

QUEENCO LEISURE INTERNATIONAL LTD

Consolidated Statements of Financial Position (Cont.)

(In thousands of €)

	As at		
	30 September		31 December
	2 0 1 3	2 0 1 2 (*)	2 0 1 2 (*)
	Unaudited	Unaudited	
Shareholders' equity			
Share capital	217,364	62,530	114,122
Share premium	-	131,196	83,597
Translation reserve	12,339	12,852	12,515
Reserve for the waiver of options by a controlling shareholder	2,739	2,739	2,739
Other reserves	(14,319)	(14,319)	(14,319)
Accumulated deficit	(196,508)	(108,722)	(162,974)
Equity attributable to equity holders of the parent	**21,615**	**86,276**	**35,680**
Non-controlling interest	**11,838**	**11,775**	**11,875**
Total Equity	**33,453**	**98,051**	**47,555**

(*) Restated for retrospective implementation of IFRS 11 and IAS19R

The financial statements were approved by the board of directors and authorised for issue on November, 27 2013. They were signed on its behalf by:

Yigal Zilkha	**Yariv Lerner**	**Arie Haviv**
Executive Chairman of the Board	Chief Executive Officer, Director	Chief financial officer

November 27, 2013

QUEENCO LEISURE INTERNATIONAL LTD

Consolidated Statements of Changes in Equity

(In thousands of €)

	For the nine months ended 30 September 2013 (unaudited)								
	Share capital	**Share premium**	**Translation reserve**	**Reserve for the waiver of share options by a controlling shareholder**	**Other reserves**	**Accumulated deficit**	**Parent**	**Non-controlling interest**	**Total equity**
Balance as at 1 January 2013	114,122	83,597	12,515	2,739	(14,319)	(162,952)	35,702	11,875	47,577
Effect of Changes in Accounting Policies (see Note 2)	-	-	-	-	-	(22)	(22)	-	(22)
Balance as at 1 January 2013 restated for changes in accounting policies	114,122	83,597	12,515	2,739	(14,319)	(162,974)	35,680	11,875	47,555
Translation differences	-	-	(176)	-	-	-	(176)	447	271
Share issuance	103,242	(83,597)	-	-	-	(13,860)	5,785	-	5,785
Net loss for the period	-	-	-	-	-	(19,674)	(19,674)	(484)	(20,158)
Balance as at 30 September 2013 (unaudited)	**217,364**	**-**	**12,339**	**2,739**	**(14,319)**	**(196,508)**	**21,615**	**11,838**	**33,453**

QUEENCO LEISURE INTERNATIONAL LTD

Consolidated Statements of Changes in Equity (Cont.)

(In thousands of €)

	For the nine months ended September 30, 2012 (unaudited)								
	Share capital	**Share premium**	**Translation reserve**	**Reserve for the waiver of share options by a controlling shareholder**	**Other reserves**	**Accumulated deficit**	**Parent**	**Minority Interest**	**Total equity**
Balance as at 1 January 2012	62,530	131,196	2,478	2,739	(14,080)	(125,037)	59,826	20,227	80,053
Effect of Changes in Accounting Policies (see Note 2)	-	-	-	-	-	2,182	2,182	(8,282)	(6,100)
Balance as at 1 January 2012 restated for changes in accounting policies	62,530	131,196	2,478	2,739	(14,080)	(122,855)	62,008	11,945	73,953
Translation differences	-	-	(733)	-			(733)	(264)	(997)
Expense resulting from grant of share options	-	-	-	-	-	(75)	(75)	-	(75)
Share issuance to minority shareholder	-	-	-	-	(239)	-	(239)	239	-
Deem disposal of interest in a jointly controlled entity	-	-	7,526	-	-	-	7,526	-	7,526
Disposal of interest in a subsidiary	-	-	3,581	-	-	-	3,581	323	3,904
Net profit (loss) for the period	-	-	-	-	-	14,208	14,208	(468)	13,740
Balance as at 30 September, 2012	**62,530**	**131,196**	**12,852**	**2,739**	**(14,319)**	**(108,722)**	**86,276**	**11,775**	**98,051**

QUEENCO LEISURE INTERNATIONAL LTD

Consolidated Statements of Changes in Equity (Cont.)

(In thousands of €)

	For the three months ended September 30, 2013 (unaudited)								
	Share capital	Share premium	Translation reserve	Reserve for the waiver of share options by a controlling shareholder	Other reserves	Accumulated deficit	Parent	Minority Interest	Total equity
Balance as at July 1, 2013	114,122	83,597	12,898	2,739	(14,319)	(182,783)	16,254	11,918	28,172
Translation differences	-	-	(559)	-	-	-	(559)	(174)	(733)
Share issuance	103,242	(83,597)	-	-	-	(13,860)	5,785	-	5,785
Net profit for the period	-	-	-	-	-	135	135	94	229
Balance as at September 30, 2013	**217,364**	**-**	**12,339**	**2,739**	**(14,319)**	**(196,508)**	**21,615**	**11,838**	**33,453**

QUEENCO LEISURE INTERNATIONAL LTD
Consolidated Statements of Changes in Equity (Cont.)
(In thousands of €)

	For the three months ended September 30, 2012 (unaudited)								
	Share capital	Share premium	Translation reserve	Reserve for the waiver of share options by a controlling shareholder	Other reserves	Accumulated deficit	Parent	Minority Interest	Total equity
Balance as at July 1, 2012	62,530	131,196	13,192	2,739	(14,319)	(107,591)	87,747	12,092	99,839
Translation differences	-	-	(340)	-	-	-	(340)	(278)	(618)
Expense resulting from grant of share options	-	-	-	-	-	-	-	-	-
Net loss for the period	-	-	-	-	-	(1,131)	(1,131)	(39)	(1,170)
Balance as at September 30, 2012	**62,530**	**131,196**	**12,852**	**2,739**	**(14,319)**	**(108,722)**	**86,276**	**11,775**	**98,051**

QUEENCO LEISURE INTERNATIONAL LTD

Consolidated Statements of Changes in Equity (Cont.)

(In thousands of €)

	For the year ended 31 December 2012								
	Share Capital	**Share Premium**	**Translation reserve**	**Reserve for the waiver of options by a controlling shareholder**	**Other reserves**	**Accumulated deficit**	**Parent**	**Non-controlling interest**	**Total Equity**
Balance as at 1 January 2012	62,530	131,196	2,478	2,739	(14,080)	(125,037)	59,826	20,227	80,053
Effect of Changes in Accounting Policies (see note 2)	-	-	-	-	-	2,182	2,182	(8,282)	(6,100)
Balance as at 1 January 2012 restated for changes in accounting policies	62,530	131,196	2,478	2,739	(14,080)	(122,855)	62,008	11,945	73,953
Share issuance	51,592	(47,599)	-	-	-	-	3,993	-	3,993
Translation differences	-	-	(1,070)	-	-	-	(1,070)	104	(966)
Share issuance to a non-controlling interest shareholder	-	-	-	-	(239)	-	(239)	239	-
Deem disposal of interest in a jointly controlled entity	-	-	7,526	-	-	-	7,526	-	7,526
Disposal of interest in a subsidiary	-	-	3,581	-	-	-	3,581	323	3,904
Expenses resulting from grant of share options	-	-	-	-	-	(75)	(75)	-	(75)
Remeasurements of net defined benefit liability	-	-	-	-	-	(1,332)	(1,332)	(52)	(1,384)
Net loss for the year	-	-	-	-	-	(38,712)	(38,712)	(684)	(39,396)
Balance as at 31 December 2012	**114,122**	**83,597**	**12,515**	**2,739**	**(14,319)**	**(162,974)**	**35,680**	**11,875**	**47,555**

QUEENCO LEISURE INTERNATIONAL LTD

Consolidated Cash Flow Statements

(In thousands of €)

	3 months ended 30 September		9 months ended 30 September		Year ended 31 December
	2013	**2012 (*)**	**2013**	**2012 (*)**	**2012 (*)**
	unaudited		**unaudited**		
Net cash from operating activities from continued operations (see Note 3)	198	1,096	(353)	(1,573)	(3,738)
Net cash from operating activities from discontinued operations	-	(3)	(201)	143	478
Net cash from operating activities	**198**	**1,093**	**(554)**	**(1,430)**	**(3,260)**
Investing activities:					
Interest received	-	-	44	30	131
Purchases of property, plant and equipment	(467)	(137)	(789)	(512)	(1,046)
Proceeds on sale of property, plant and equipment	-	-	-	27	1,791
Purchase of other intangibles	-	-	-	(1)	(1)
Realisation of trading investments	-	-	-	71	75
Instalments for the acquisition of an interest in a jointly controlled entity	-	(181)	-	(586)	(767)
Disposal of interest in subsidiary	-	-	-	(586)	(586)
Net cash used in investing activities in continued operations	(467)	(318)	(745)	(1,557)	(403)
Net cash used in investing activities in discontinued operations	-	-	-	(24)	(25)
Net cash used in investing activities	**(467)**	**(318)**	**(745)**	**(1,581)**	**(428)**
Financing activities:					
Repayments of borrowings	-	(500)	-	(500)	(1,015)
Receipt of long term loan	-	797	726	3,625	3,734
Repayment of long term loan	(1,590)	-	(1,590)	-	(303)
Repayment of short term loan	(424)	-	-	-	-
Share issuance	5,785	-	5,785	-	1,043
Net cash provided by financing activities in continued operations	**3,771**	**297**	**4,921**	**3,125**	**3,459**
Net increase (decrease) in cash and cash equivalents	3,502	1,072	3,622	114	(229)
Effect of foreign exchange rate changes	46	65	(64)	161	(343)
Cash and cash equivalents at beginning of period	2,416	2,116	2,406	2,978	2,978
From continued operations	2,333	2,016	2,199	2,296	2,296
From discontinued operations	83	100	207	682	682
	2,416	**2,116**	**2,406**	**2,978**	**2,978**
Cash and cash equivalents at end of period	5,964	3,253	5,964	3,253	2,406
Tax paid	(42)	(27)	(124)	(109)	(164)
Interest paid	(116)	(133)	(283)	(354)	(525)

(*) Restated for retrospective implementation of IFRS 11 and IAS19R

NOTE 1 - GENERAL INFORMATION

1.1 Formation and equity developments

Queenco Leisure International Ltd (the “Company” or "QLI") is engaged, through various Israeli and foreign subsidiaries, associated companies and joint ventures (together with the Company, the "Group") in emerging markets development and operations of casinos and entertainment centres.

QLI was incorporated in Israel on 9 September 2002 by Milomor Ltd. ("Milomor") (an Israeli company) and (Y.Z) Queenco Ltd. ("Queenco" or "YZ") (an Israeli public company whose shares are listed for trading in the Tel-Aviv stock exchange), which held, equally, the entire issued and paid up capital of the Company. The Company commenced its operating activities at the end of 2002. The Company's address is 11 Menachem Begin Road, Ramat Gan, Israel.

On 8 July 2013, the Company's extraordinary general meeting of shareholders resolved to increase the authorized share capital of the Company from NIS 800,000,000, consisting of 800,000,000 ordinary shares, each having a nominal value of NIS 1.00, to NIS 1,200,000,000 consisting of 1,200,000,000 ordinary shares, each having a nominal value of NIS 1.00.

On 12 August 2013 the Company completed a rights issue of its ordinary shares ("New Shares") , of which a portion were offered in the form of GDRs.

The completion of the rights issue resulted in the subscription of 488,408,824 New Shares par value NIS 1.00 each, of which 119,577,600 are represented by GDRs (including through an over-subscription mechanism as detailed in the Rights Issue Memorandum) for a total consideration of approximately €5.8 million, net of expenses (including approximately €4.4 million received from the Company's controlling shareholders).

Following the rights issue, the issued share capital of the Company is comprised of 1,098,919,854 ordinary shares with a nominal value of NIS 1.00 each.

Upon completion of the rights issue, (Y.Z.) Queenco Ltd. ("Queenco" or "YZ") and its wholly owned subsidiary, which held prior to the completion of the rights issue approximately 67% of the Company's issued share capital, transferred the entire amount of New Shares purchased by it in the rights issue to A.S.Y.V Hotels Ltd. ("A.S.Y.V"), an Israeli corporation. Consequently, A.S.Y.V now holds approximately 33.5% of the issued and outstanding share capital of the Company; and Y.Z. and its wholly owned subsidiary, together with another corporation controlled by Yigal Zilkha (one of the controlling persons of Y.Z.), hold, together, approximately 42.4% of the issued and outstanding share capital of the Company. On 4 September 2013 Y.Z. and A.S.Y.V entered into a shareholders agreement (the "Shareholders Agreement") pursuant to which: (a) the parties will not sell or otherwise transfer their shares of QLI such that their aggregate voting rights in QLI shall decrease below 50.01% of the total voting rights of QLI, unless the transferee who receives the shares shall execute, prior to the consummation of the transfer and as a condition thereof, an obligation to comply with the provisions of the Shareholders Agreement; (b) the parties will coordinate their votes as much as possible prior to the occurrence of each general meeting of QLI's shareholders, such that every matter brought for the approval of the general meeting shall be discussed by the parties at a preliminary meeting and the parties shall vote in every general meeting of QLI's shareholders or every adjourned meeting thereof as agreed in such preliminary meeting. In the event that the parties are unable to agree on the manner of their vote regarding a certain matter, they will vote against its approval; (c) any new appointment, re-election or termination of office of a director of the Company shall be mutually agreed upon by the parties.

NOTE 1 - GENERAL INFORMATION (Cont.)

1.2 Financial Condition

The Group's activities are adversely affected by the global economic crisis in general and the economic crisis in Greece in particular. The abovementioned, along with the Company's inability to exercise its rights in Club Hotel Loutraki S.A. ("CHL") due to disagreements with B.A.T (Management) 2004 Ltd. (of the Club Hotel Group) ("B.A.T.") regarding the control of CHL (see Note 32 to the financial statements for the year ended December 31,2012 that were published on 14 May 2013) and Casino Austria International Holding GmbH's ("CAIH") unwillingness to comply with its contractual obligations to transfer €49.5 million to Powerbrook Spain S.L ("PBS"), have brought the Company to operating losses of approximately €16.1 million and €32.4 million for the nine months period ended 30 September 2013 and for the year ended 31 December, 2012, respectively, and to negative cash flows from its continued operations of approximately €0.3 million for the nine month ended 30 September 2013. The Company net working capital amounted to approximately €0.4 million on 30 September 2013 (while a major portion of the current assets, mainly non - current assets held for sale, is nor realizable immediately).

As a result, the Company was not able to meet its original repayment schedules of loans and credits received from Queenco and from a previous shareholder in Dasharta (a company indirectly jointly Controlled by QLI), from whom the Company purchased residual shares in said company in 2008. So far, the Company has succeeded in reaching understandings with Queenco and the abovementioned previous shareholder regarding a rescheduling of the repayment schedules such that they will coincide with the Company's payment abilities. Following the August 2013 rights issue, the Company repaid of a portion of its outstanding obligations to Queenco in the amount of NIS 7,602. As of 30 September 2013, the Company's outstanding liabilities to the previous shareholder in Dasharta and to Queenco amounted to €667 and NIS 23.5 million respectively.

The Company's management is of the opinion that they will succeed in the future, if needed, in rescheduling the repayment schedules of loans from both Queenco and the previous shareholder of Dasharta. However, the current payment schedule of the loans from Queenco is in line with the repayment schedule of Queenco of debentures issued by it. Accordingly, the ability of the Company to re-schedule the payment terms of the loans from Queenco is dependent on the ability of Queenco to obtain other financing sources to repay its debentures obligations.

As mentioned in note 1.1, in August of 2013 the Company completed a rights issue for a total consideration of approximately €5.8 million, net of expenses, to be used for general corporate purposes as approved from time to time by the Board, including repayment of loans.

Casino Rhodes, a subsidiary of the Company, reached an agreement with the Greek authorities for the rescheduling of the payment terms of an amount of €1.3 million not paid when due.

The Group is continuing in the implementation of its cost saving plans and is in the process of expanding their scope, mainly in Rhodes, due to the decrease in revenues caused by the economic situation.

The Group is also in a process of realization of excess assets. The Company's real estate in Bulgaria (which is not in use by the Group) and the 9 Hectare land in Cambodia are held for sale. The Company's Board of Directors, in a meeting held in February 2013, agreed on the sale of 9 Hectare plot the Company owns in Cambodia, if needed, to enable the Company to meet its obligations. The Company has contracted a selling agent in Cambodia to help it in realizing the property. However, if the Company succeeds in raising sufficient funds from sources other than the land, the Company may re-consider its decision.

The Company recorded an impairment loss of approximately €0.5 million with respect to the assets held for sale in Bulgaria, following the commencement of negotiations to sell such assets with a prospective buyer, based on the Company’s best estimation of the price for which the assets can be sold.

NOTE 1 - GENERAL INFORMATION (Cont.)

1.2 Financial Condition.(Cont.)

On 2 October 2013 the Company entered into an agreement (the "Agreement") with a third party (the "Purchaser") for the sale of QLI's operations in Prague (the "Prague Operations"), which include an events hall and a restaurant under the SaSaZu brand pursuant to which the Company assigned to the Purchaser its right to the repayment of shareholders loans previously extended by the Company to the Prague Operations in the amount of approximately Euro 12.2 milion, in consideration for the payment by the Purchaser of Euro 800,000 (scheduled to be paid in several instalments until 27 July 2014). During 2013 the Company recorded an impairment loss of approximately €1.3 million under discontinued operation in the consolidated statements of Comprehensive Income. The results of the discontinued operation in three months ended at 30 September 2013 and 2012 were immaterial to the group. For more information please see Notes 5 and 6.8.

At 30 June 2013 the Company received a court decision following a motion filed by a subsidiary of the Company (the "Applicant"), which serves as a director of Agastia Holdings Ltd. ("Agastia"), against B.A.T. Management (2004) Ltd., the other director of Agastia, and Mr. Moshe Bublil; in which the Applicant requested the court to enforce the respondents to carry out the resolutions of Agastia's board of directors of 23 June 2008. Agastia is one of the companies through which the Company indirectly holds, together with others, CHL.

The court: (a) rejected the Applicant's request to enforce the aforementioned resolution concerning the appointment and/or dismissal of directors in PBS (the direct shareholder of CHL); and (b) accepted the Applicant's request to enforce Agastia's resolutions concerning the distribution of available cash at PBS and ordered the respondents to effectuate this resolution. The court's first decision has no significant impact following a resignation of the director appointed on behalf of Casino Austria and currently without the participation of the directors appointed on behalf of the Company it is not possible to convene PBS' board of directors.

In order to implement the courts second decision noted above in PBS, Agastia sent a letter to PBS and requested therein to amend the artcles of association according to the court's ruling. Due to the Company's disagreements with Mr. Bublil the Company is unable to estimate when such change may be affected (see Note 6(7) for further details regarding our disagreements with Mr. Bublil).

The Company's ability to meet all its obligations in the foreseeable future is dependent on its ability to successfully execute the above mentioned plans.

The aforesaid raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The timing and scope of the success in the execution of some of the abovementioned actions depend on agreements with third parties and/or are affected by processes and other factors which are not under the Company's control. Nonetheless, the Company's management is of the opinion that the Company has good chances of executing the sale of the land in Cambodia and at least a major portion of its other plans in a timely manner. Accordingly, the Company's

management is of the opinion that its existing cash and the expected inflow of cash through the successful execution of the above mentioned plans, will enable the Company to meet the needed cash levels required for its operations and the payment of obligations when due.
For further information please see Note 5.

NOTE 1 - GENERAL INFORMATION (Cont.)

1.2 Financial Condition (Cont.)

Project in Loutraki

CHL incurred in significant losses in 2012 and during the period already lapsed in 2013. CHL's current liabilities exceeded its current assets by tenth of millions of Euro. On 8 July 2013 CHL singed two loan agreements with Piraeus Bank for a total amount of €42.5 million for the refinancing of the existing overdraft facilities including accrued interest, through a secured long term loan. Both loans have a grace period of 18 months and will be repaid in 8 installments starting from July 2015 and ending January 2019.

CHL's 2013 budget shows a significant loss and additional negative cash flow for which no funding source is available. On 1 August 2013 during the meeting of the Administrative Board of Club Hotel Casino Loutraki (“CHCL”), the joint venture that operates the project informed the representatives of Touristiki Loutrakiou S.A. (a company owned by Loutraki municipality, a partner in CHCL), about the financial performance of CHCL and its financial deadlock, and that from the figures presented it was evident that the CHCL will not be able to cover its obligations for the month of August 2013 towards the Greek State, employees, Social Security Fund etc, unless the deficit would be funded through CHL S.A.

In addition, CHCL has informed the Company of the following:

(a) On 16 October 2013, CHCL has filed a petition with the court to allow CHCL to reach a settlement with its creditors; however, objections to the petition were filed with the court, including by the Municipality of Loutraki and the Ministry of Finance of Greece. The court has issued a temporary stay of proceedings until the scheduled date for hearing of the petition, 11 December 2013.The court may not approve CHCL's petition in view of, among other things, the above referenced objections to the petition. If the petition is not approved by the court, either CHCL or its creditors may file for CHCL's bankruptcy.

(b) On 6 November 2013, the Greek Committee for the Supervision and Audit of Games (the "Committee") has invited CHCL for a hearing to answer claims that it has allegedly breached Casino Loutraki's license terms due to its failure to transfer certain payments to the Greek authorities (which may result in to the evocation of the licence). The Company had learned that, at the said hearing, which took place on 18 November 2013, the Committee instructed CHCL to submit in writing its position concerning the claims raised by the Committee. CHCL has submitted its position Tuesday, 26 November 2013; the Committee shall hand down its decision in this matter in the next few days. As of the date of this report, the Company is unable to estimate if and to what extent the Committee's decision shall affect the license granted to CHCL for the operations of Casino Loutraki.

The above further supports the Company's management's opinion that there are significant doubts as to the ability of CHL to continue its operations as a going concern in the foreseeable future.

The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As per information received from CHL management, CHL’s management continues its efforts to restructure the operation, rationalize the expenses, finding a hotel operator to lease the hotel, absorbing simultaneously the largest part of CHCL personnel that is assigned to the hotel, restrain the effect of the continuing financial crisis on revenue and deal with the obligations from the past, CHL has unsecured assets which can be used to secure future debt financing, if needed.

CHL management is looking for additional ways to raise funds including capital injection, selling of assets and receipt of additional loans.

NOTE 1 - GENERAL INFORMATION (Cont.)

1.2 Financial Condition (Cont.)

Project in Loutraki (Cont.)

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 cash position as of 30 September 2013 is approximately € 8.1 million.

As a result of the above and due to the significant discrepancies between forecasts used for the 31 December 2012 impairment test and the actual results of CHL, the Company has conducted another impairment test for the purpose of its June 30 2013 financial statements that embodied the continuing decline in CHL operations. Consequently, the Company's management had to apply its best judgment and base the impairment test on a weighted combination of (a) certain assumptions made by it as to future performance of the casino (contributing approximately 20% to the weighted calculation) and (b) the forecasts received from CHL which resulted in zero value to CHL operation (contributing approximately 80% to the weighted calculation). This process is adding additional uncertainty to the inherent uncertainty involved in the projections and assumptions needed for an impairment examination despite the aforementioned disclosure regarding Loutraki, the Company still believes that there is a 20% chance that CHL will continue its operation against an 80% chance that CHL's operation will cease.

As a result of the impairment test, the Company wrote an impairment loss of 12.8 million under "impairment of investment in an associated company" for the nine and three months ended 30 September 2013.

Please also see Notes 1.3 and 16 to the Company's financial statement for the year ended December 31, 2012 for the uncertainties surrounding the preparation of the valuation of the associated company in Loutraki.

Project in Rhodes

In relation to the information provided under Note 32 to the Company's annual financial statements for the year ended December 31, 2012, in 2005, Casino Rodos ("CR") was assessed taxes and penalties amounting to € 16 million due to the disqualification of CR's accounting books for the years 1999 and 2000, resulting from technical faults discovered at audits conducted during these years. CR appealed these assessments and on 28 June 2013, the court issued a resolution (which was delivered on 22 August 2013 to the attorneys representing CR in the appeal), in which the court ordered the Greek tax authorities to present to the court additional evidence relating to the investigations conducted by the Financial Crime Investigation Body (SDOE) in the years 1999 and 2000, which resulted in the above assessments.

In the opinion of the Greek attorneys handling this matter for CR, the court's request to review these documents, have resulted in the reduction of CR's chances of winning the appeal. CR’s management has taken several steps recommended by its attorneys in order to improve CR’s chances to win the appeal, including the receipt of an additional supporting legal opinion and finding witnesses that support CR’s claims.

Following the said, the attorneys handling the case for CR have estimated that CR's chances of winning the appeal are slightly above 51%. Therefore, the Company has resolved not to include in its financial statements any provision regarding this case.

NOTE 1 - GENERAL INFORMATION (Cont.)

1.2 Financial Condition (Cont.)

Project in Rhodes (cont.)

The tax assessments as of the date hereof (which are composed of interest and penalties) amount to approximately Euro 23 million. If the court rules against CR, neither CR nor the Group as a whole have the financial means to pay such amount and CR will probably not be able to continue to operate as a going concern. It is clarified that QLI and Y.Z. have provided guarantees for the payment of a loan extended to CR by a bank corporation, which balance as of 30 September 2013 amounts to approximately Euro 6.8 million. If the Company or Y.Z. is required to pay their guarantees, there is high likelihood that they will not have the financial means to do so.

CR is in negotiations with the bank for a change in the loan terms, As part of an un-written understanding between the parties, CR didn’t pay a total of 0.5 million Euro that was due on September 30, 2013,, resulting in a violation of the loan written terms,. As a result and based on the contractual ability of the bank to call for the immediate repayment of the loan, the Company has classified Euro 5.8 Million of the long term portion of the loan to current liabilities. On November 20, 2013 CR, The Company, Y.Z Queenco Ltd and the bank have signed a Memorandum of Understanding, the Memorandum of Understanding set forth the main principles of the new agreement, among other things it was agreed that the bank guarantee given by the Company to the bank in the amount of Euro 0.84 million, will be realized as part of the CR payments for 2013.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods, as prescribed in IAS 34, "Interim Financial Reporting". The significant accounting policies and methods of computation adopted in the preparation of the interim Condensed financial statements are consistent with those followed in the preparation of financial statements as of December 31, 2012 except as noted below.

New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of financial statements for the year ended 31 December 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013.

The Company applies certain standards and amendments that require restatement of previous financial statements IAS 19R Employee Benefits and IFRS 11 Joint Arrangements. The nature and the impact of each new standard/amendment is described below:

IAS 19 Employee Benefits (Revised 2011) (IAS 19R):

IAS 19R includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. Other amendments include new disclosures, such as, quantitative sensitivity disclosures.

(In thousands of € unless otherwise stated)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

IAS 19 Employee Benefits (Revised 2011) (IAS 19R): (Cont.)

In the case of the Group, the transition to IAS 19R had an impact on the net defined benefit plan obligations due to the difference in accounting for interest on plan assets, unvested past service costs and elimination of the "corridor approach".

IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Ventures. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using Proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

The application of this new standard impacted the financial position of the Group by replacing proportionate consolidation of the joint venture in Vasanta with the equity method of accounting.

IFRS 11 is effective for annual periods beginning on 1 January 2013.

The effect of the implementation of IFRS 11 and IAS19R on the Company's September 30, 2012 unaudited financial statements is as follows:

	30 September 2012			
	As was presented in financial statements	**Effect of change of IFRS 11**	**Effect of change IAS 19R**	**As presented at these financial statements**
Cash and cash equivalents	7,949	(4,696)	-	3,253
Other current assets	5,489	12	-	5,501
	13,438	(4,684)	-	8,754
Property, plant and equipment	38,375	(5,254)	-	33,121
Investment in an associated company and joint ventures	65,629	12,274	-	77,903
Other non-current assets	9,487	(4,390)	-	5,097
	113,491	2,630	-	116,121
Total Assets	126,929	(2,054)	-	124,875
Current liabilities	(16,484)	180	-	(16,304)
Other long term liabilities	(11,728)	1,874	-	(9,854)
Long term deferred taxes	(96)	-	-	(96)
Other non-current liabilities	(1,091)	-	521	(570)
	(12,915)	1,874	521	(10,520)
	97,530	-	521	98,051

(In thousands of € unless otherwise stated)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures (Cont.)

	Nine months ended 30 September 2012			
	As was presented in financial statements	**Effect of change of IFRS 11**	**Effect of change of IAS 19R**	**As presented at these financial statements**
Revenues	23,654	(11,381)	-	12,273
Cost of revenues	(20,214)	11,114		(9,100)
Selling and marketing expenses	(6,188)	3,052	-	(3,136)
General and administrative expenses	(6,226)	2,362	-	(3,864)
Other operating expenses	(1,596)	799	-	(797)
Share of results of associated company and joint ventures	(3,507)	28,615	(1,705)	23,403
Profit on deem disposal of subsidiary	33,580	(33,580)	-	-
Operating profit	19,503	981	(1,705)	18,779
Investment income	54	91	-	145
Finance costs	(1,432)	344	-	(1,088)
Foreign exchange gain	449	-	-	449
Profit before tax	18,574	1,416	(1,705)	18,285
Tax benefit (expense)	154	(477)	-	(323)
Profit from continued operations	18,728	939	(1,705)	17,962
Loss from discontinued operations	(4,222)	-	-	(4,222)
Total profit for the period	**14,506**	**939**	**(1,705)**	**13,740**
Realization of translation reserve due to the disposal and deem disposal of subsidiaries	11,107	-	-	11,107
Exchange differences arising on translation of foreign operations	(1,116)	119	-	(997)
Total comprehensive income for the period	**24,497**	**1,058**	**-**	**23,850**
Profit for the year attributable to:				
Equity holders of the parent	15,913	-	(1,705)	14,208
Non- controlling interests	(1,407)	939	-	(468)
	14,506	**939**	**(1,705)**	**13,740**
Total comprehensive income (loss) for the year attributable to:				
Equity holders of the parent	26,287	-	(1,705)	24,582
Non-controlling interests	(1,790)	1,058	-	(732)
	24,497	**1,058**	**(1,705)**	**23,850**

There is no effect of the implementation of IFRS 11 on the Company's for the year attributable to the equity holders of the parent.

(In thousands of € unless otherwise stated)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures (Cont.)

	Three months ended 30 September 2012			
	As was presented in financial statements	**Effect of change of IFRS 11**	**Effect of change of IAS 19R**	**As presented at these financial statements**
Revenues	5,714	-	-	5,714
			-	
Cost of revenues	(3,136)	-	-	(3,136)
Selling and marketing expenses	(1,342)	-	-	(1,342)
General and administrative expenses	(1,086)	23	-	(1,063)
Other operating expenses	(18)	-	-	(18)
Share of results of associated company and joint ventures	(1,078)	(79)	-	(1,157)
Operating loss	(946)	(56)	-	(1,002)
Investment income	(12)	62	-	50
Finance costs	(430)	13	-	(417)
Foreign exchange gain	317	(19)	-	298
Loss before tax	(1,071)	-	-	(1,071)
Tax benefit	29	-	-	29
Loss from continued operations	(1,042)	-	-	(1,042)
Loss from discontinued operations	(128)	-	-	(128)
Total loss for the period	**(1,170)**	-	-	**(1,170)**
Realization of translation reserve due to the disposal and deem disposal of subsidiaries	-	-	-	-
Exchange differences arising on translation of foreign operations	(618)	-	-	(618)
Total comprehensive loss for the period	**(1,788)**	-	-	**(1,788)**
Profit (loss) for the year attributable to:				
Equity holders of the parent	(1,131)	-	-	(1,131)
Non- controlling interests	(39)	-	-	(39)
	(1,170)	-	-	**(1,170)**
Total comprehensive income (loss) for the year attributable to:				
Equity holders of the parent	(1,471)	-	-	(1,471)
Non-controlling interests	(317)	-	-	(317)
	(1,788)	-	-	**(1,788)**

(In thousands of € unless otherwise stated)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures (Cont.)

The effect of the implementation of IFRS 11 and IAS19R on the Company's 2012 financial statements is as follows:

	31 December 2012			
	As was presented in financial statements	Effect of change of IFRS 11	Effect of change of IAS 19R	As presented at these financial statements
Cash and cash equivalents	7,038	(4,632)	-	2,406
Other current assets	4,037	9	-	4,046
	11,075	(4,623)	-	6,452
Property, plant and equipment	37,576	(5,160)	-	32,416
Investment in an associated company and joint ventures	14,586	12,066	-	26,652
Other non-current assets	8,803	(4,362)	-	4,441
	60,965	2,544	-	63,509
Total Assets	72,040	(2,079)	-	69,961
Current Liabilities	(13,070)	164	-	(12,906)
Other long term liabilities	(10,587)	1,915		(8,672)
Long term deferred taxes	(96)	-	-	(96)
Other non-current liabilities	(710)	-	(22)	(732)
	(11,393)	1,915	(22)	(9,500)
	47,577	-	(22)	47,555

(In thousands of € unless otherwise stated)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures (Cont.)

	Year ended 31 December 2012			
	As was presented in financial statements	**Effect of change of IFRS 11**	**Effect of change of IAS 19R**	**As presented at these financial statements**
Revenues	26,602	(11,381)	-	15,221
Cost of revenues	(23,244)	11,114	99	(12,031)
Selling and marketing expenses	(6,791)	3,052	-	(3,739)
General and administrative expenses	(6,695)	2,407	-	(4,288)
Other operating expenses	(1,508)	799	-	(709)
Share of results of associated company and joint ventures	(7,975)	28,784	(963)	19,846
Impairment of investment in an associated company	(46,666)	-	-	(46,666)
Profit on deem disposal of subsidiary	33,580	(33,580)	-	-
Operating profit (loss)	(32,697)	1,195	(864)	(32,366)
Investment income	135	64	-	199
Finance costs	(1,697)	356	-	(1,341)
Foreign exchange gain (loss)	(59)	(199)	-	(258)
Profit before tax	(34,318)	1,416	(864)	(33,766)
Tax expense	(533)	(477)	-	(1,010)
Loss from continued operations	(34,851)	939	(864)	(34,776)
Loss from discontinued operations	(4,620)	-	-	(4,620)
Total loss for the year	**(39,471)**	**939**	**(864)**	**(39,396)**
Realization of translation reserve due to the disposal and deem disposal of subsidiaries	11,107	-	-	11,107
Remeasurements of net defined benefit liability	-	-	(1,384)	(1,384)
Exchange differences arising on translation of foreign operations	(1,085)	119	-	(966)
	(29,449)	**1,058**	**(2,248)**	**(30,639)**
Total comprehensive loss for the year loss for the year attributable to:				
Equity holders of the parent	(37,840)	-	(872)	(38,712)
Non- controlling interest	(1,631)	939	8	(684)
	(39,471)	**939**	**(864)**	**(39,396)**
Total comprehensive loss for the year attributable to:				
Equity holders of the parent	(27,803)	-	(2,204)	(30,007)
Non-controlling interest	(1,646)	1,058	(44)	(632)
	(29,449)	**1,058**	**(2,248)**	**(30,639)**

(In thousands of € unless otherwise stated)

NOTE 3 - NOTE FOR THE CONSOLIDATED CASHFLOW STATEMENTS

	3 months ended September 30		9 months ended September 30		Year ended December 31
	2013	2012 (*)	2013	2012 (*)	2012 (*)
	Unaudited		Unaudited		
Net profit (loss)	229	(1,170)	(20,158)	13,740	(39,396)
Adjustments for:					
Depreciation of property, plant and equipment	518	533	1,486	1,553	2,003
Decrease in provisions	(57)	-	(121)	(127)	(608)
Profit (loss) on sale of property, plant and equipment and disposals	-	-	-	777	(45)
Impairment of investment	-		12,886	-	46,666
Impairments and disposals	-	-	478	-	735
Loss on disposal of discontinued operation	-	-	-	3,597	3,597
Losses of discontinued operation	176	128	2,481	625	1,023
Investment income	(51)	(50)	(138)	(145)	(199)
Finance costs	392	417	1,149	1,088	1,341
Foreign exchange loss (gain)	104	(298)	840	(449)	258
Share of result of associated company and joint ventures	(107)	1,157	(96)	(23,403)	(19,846)
Expense relating to grant of share options	-	-	-	(75)	(75)
Operating cash flows before movements in working capital	**1,204**	**717**	**(1,193)**	**(2,819)**	**(4,546)**
Decrease (increase) inventories	(6)	25	(9)	(30)	(30)
Decrease (increase) in receivables	(311)	(162)	164	392	555
Increase (decrease) in payables	(531)	676	1,092	1,347	972
Cash generated by operations	**356**	**1,256**	**54**	**(1,110)**	**(3,049)**
Income taxes paid	(42)	(27)	(124)	(109)	(164)
Interest paid	(116)	(133)	(283)	(354)	(525)
Net cash from operating activities	**198**	**1,096**	**(353)**	**(1,573)**	**(3,738)**

(*) Restated for retrospective implementation of IFRS 11 and IAS19R

(In thousands of € unless otherwise stated)

NOTE 4 - SEGMENT INFORMATION

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.

Due to the loss of indirect joint control in CHL the contribution to the operations of each of the Company's location has increased and accordingly Management has decided to present each location as a reportable segment, retrospectively from 2012.

Following the agreement signed regarding the operations in Prague (see Note 6), these operations are presented in the financial statements as discontinued, for all periods presented.following that Prague was not identified as a segment.

Segmental Revenues and Profit:

	Rhodes	Cambodia	Adjustments	Total
	Nine months ended September 30 2013			
Revenues	11,107	536	213	11,856
Segment profit (EBITDA before other operating expenses)	972	(990)	(1,281)	(1,299)
Depreciation & Amortization	1,293	90	103	1,486
Impairment of investment in associated company				(12,886)
Impairment of non - current asset held for sale				(478)
Share of results of associates and joint ventures				96
Operating loss				(16,053)
Finance costs, investment income and Foreign exchange gain				(1,851)
Loss before tax				**(17,904)**

	Rhodes	Cambodia	Adjustments	Total
	Nine months ended September 30 2012 (*)			
Revenues	11,304	814	155	12,273
Segment profit (EBITDA before other operating expenses)	(44)	(556)	(1,694)	(2,294)
Depreciation & Amortization	1,423	20	110	1,553
Disposals of fix assets				(777)
Share of results of associates and joint ventures				23,403
Operating profit				18,779
Finance costs, investment income and Foreign exchange gain				(494)
Profit before tax				**18,285**

(*) Restated for retrospective implementation of IAS19R

(In thousands of € unless otherwise stated)

NOTE 4 - SEGMENT INFORMATION (CONT.)

Segmental Revenues and Profit: (Cont.)

	Rhodes	Cambodia	Adjustments	Total
	Three months ended September 30 2013			
Revenues	6,031	255	65	6,351
Segment profit (EBITDA before other operating expenses)	1,911	(238)	(437)	1,236
Depreciation & Amortization	429	53	36	518
Share of results of associates and joint ventures				107
Operating profit				825
Finance costs, investment income and Foreign exchange gain				(445)
Profit before tax				**380**

	Rhodes	Cambodia	Adjustments	Total
	Three months ended September 30 2012 (*)			
Revenues	5,294	366	54	5,714
Segment profit (EBITDA before other operating expenses)	1,275	(169)	(418)	688
Depreciation & Amortization	481	8	44	533
Disposal of fix assets				-
Share of results of associates and joint ventures				(1,157)
Operating loss				(1,002)
Finance costs, investment income and Foreign exchange gain				(69)
Loss before tax				**(1,071)**

(*) Restated for retrospective implementation of IAS19R

(In thousands of € unless otherwise stated)

NOTE 4 -SEGMENT INFORMATION (CONT.)

Segmental Revenues and Profit: (Cont.)

	Rhodes	Cambodia	Adjustments	Total
	Year ended December 31 2012 (*)			
Revenues	14,407	596	218	15,221
Segment profit (EBITDA before other operating expenses)	136	(1,003)	(1,967)	(2,834)
Depreciation & Amortization	1,851	34	118	2,003
Impairment of investment in associated company				(46,666)
Other operating expenses				(709)
Share of results of associates and joint ventures				19,846
Operating loss				(32,366)
Finance costs, investment income and Foreign exchange gain				(1,400)
Loss before tax				**(33,766)**

(*) Restated for retrospective implementation of IAS19R.

NOTE 5 - DISCONTINUED OPERATIONS IN PRAGUE

Analysis of profit from discontinued operations

Following the agreement signed regarding the operations in Prague (see Note 6), these operations are presented in the financial statements as discontinued, for all periods presented.

	9 months ended 30 September		Year ended 31 December
	2 0 1 3	**2 0 1 2**	**2 0 1 2**
	unaudited	**unaudited**	
Revenues	1,976	3,210	4,950
Expenses	(3,164)	(3,835)	(5,973)
impairment	(1,293)	-	-
Profit (loss) before tax	(2,481)	(625)	(1,023)
Tax benefit (expense)	-	-	-
Profit (loss) from discontinued operations	**(2,481)**	**(625)**	**(1,023)**

(In thousands of € unless otherwise stated)

NOTE 5 - DISCONTINUED OPERATION (CONT.)

Cash flows from discontinued operations

	9 months ended 30 September		Year ended 31 December
	2 0 1 3	**2 0 1 2**	**2 0 1 2**
	unaudited	**unaudited**	
Net cash inflows (outflows) from operating activities	(201)	143	478
Net cash inflows (outflows) from investing activities	-	(24)	(25)
Net cash outflows from financing activities	-	-	-
Net cash inflows (outflows)	**(201)**	**119**	**453**

NOTE 6 - OTHER INFORMATION

1. Following the termination of Mr. Tal Taragan's services as the chief executive officer of the Company on 30 April, 2013, the Company's board of directors has requested Mr Yigal Zilkha, who is an indirect major shareholder and an office holder of the Company, to serve as the Company's chief executive officer until a new chief executive officer for the Company is located and appointed. Mr Zilkha has accepted this appointment and has served, without compensation, as the Company's and Y.Z.'s chief executive officer from 14 May, 2013 until 31 August 2013. On September 1, 2013, Mr. Yariv Lerner, the controlling shareholder of A.S.Y.V,, a major shareholder of the Company commenced serving as the Company's and Y.Z.'s chief executive officer. Mr. Lerner was also appointed a director of the Company. Mr. Lerner is currently not entitled to any compensation for his services.

2. Mr Haim Assayag, has resigned from his position as the company's Chairman of the Board, effective as of 1 September 2013. Mr. Zilkha was appointed as the Company's Chairman of the Board in his stead, effective as of 1 September 2013. Mr. Zilkha is currently not entitled to any compensation for his services.

3. The following persons were also appointed as officers of the Company: Ms. Shirly Zilkha, the wife of Mr. Yigal Zilkha, was appointed as deputy-Chief Executive Officer of the Company and Y.Z. effective as of 1 September 2013; Mr. Arie Haviv was appointed as Chief Financial Officer of the Company and Y.Z. effective as of 29 August 2013; Mr. Meni Akunis was appointed as Vice President of Operations of the Company effective as of 29 August 2013; and Mr. Guy Sigura was appointed as General Counsel and Legal Secretary of the Company and Y.Z. effective as of 29 August 2013. Ms. Zilkha is currently not entitled to any compensation for her services.

4. Dr Ziv Reich and Mr Effy Abudi resigned from their position as non-executive directors as of 28 and 29 August 2013, respectively.

5. On 4 September 2013, the Company appointed Mr. Moshe Sharbany as a director of the Company.

6. On 24 October 2013, the Company's shareholders have appointed Ms. Aliza (Alicia) Rotbard as a statutory independent director of the Company for an additional three-year term, effective as of 26 November 2013; and have approved the purchase from time to time of directors' and officers' liability insurance for the directors (including statutory independent directors) and officers serving from time to time at the Company and its subsidiaries. Such policy/ies may be purchased independently or jointly with Y.Z., provided that the Company's portion of the premium payable under a joint policy with Y.Z. shall not exceed 84% thereof. The terms of the policy/ies, including the identity of the insurers, coverage limitations, annual premium and

deductibles, shall be determined by the Company's management and approved by the Company's authorized organs separately for each insurance term; provided, that such terms are reasonable in view of the circumstances and relevant market terms and that: (a) the annual coverage of the policy/ies does not exceed an aggregate amount of US$ 10 million for all the directors and officers covered thereby, plus 20% for legal expenses; and (b) the maximum annual premium payable by the Company shall not exceed US$84,000. The coverage of such policy regarding officers and directors of the Company who are controlling shareholders of the Company or their relatives was approved by the Company in accordance with the Israeli Companies Regulations (Relief for Transactions with Interested Parties), 2000.

7. The Company's primary contingent liabilities relate to disagreements with Moshe Bublil, the controlling shareholder of Club Hotel Eilat Ltd. (including members of its group companies, "Club Hotel") and the jointly controlling shareholder in Vasanta. CHL is held through various Israeli and foreign corporations, in which the Company and certain third parties, primarily Club Hotel, hold direct and indirect interests. The articles of associations of the various holding companies, as well as the structure of their boards and various resolutions adopted thereby reflect a structure of an ultimately, indirectly, joint control of CHL by the Company and Club Hotel. Accordingly, all the decisions relating to PBS and CHL are supposed to be jointly adopted by the Company and Club Hotel. Towards the end of 2008, certain disagreements arose between the Company and Moshe Bublil. These disagreements resulted in frequent and lengthy shareholders and board meetings of the various holding companies, non-performance of various resolutions adopted at such meetings and disputes regarding the substance and interpretation of various resolutions adopted at such meetings (some of which affect the decision making process at CHL). In addition, the parties have initiated certain legal proceedings in connection with these disputes, whose outcome could affect the holding companies' structure of the boards, decision making process, distribution of dividends and the flow of information to the Company. For further information see Note 32 to the Company's financial statements for the year ended December 31, 2012.

8. On 2 October 2013 the Company entered into an agreement (the "Agreement") with a third party (the "Purchaser") for the sale of QLI's operations in Prague (the "Prague Operations"), which include an events hall and a restaurant under the SaSaZu brand. Under the Agreement, QLI shall assign to the Purchaser its right to the repayment of shareholders loans previously extended by QLI to the Prague Operations in the amount of approximately Euro 12.2 million, in consideration for the payment by the Purchaser of Euro 800,000 (scheduled to be paid in several instalments until 27 July 2014). Subject to and immediately after the payment by the Purchaser of the entire consideration as set forth above, QLI shall transfer to the Purchaser the entire share capital of the two Czech corporations holding Nadji Club s.r.o (the Czech company operating the Prague Operations), and the entire intellectual property rights in the SaSaZu brand and trademark. It is clarified that the shares of the Czech corporations and the SaSaZu trademark will be held in trust and shall be transferred to the Purchaser only after the payment of the entire consideration. In order to secure the obligations of the Purchaser, the controlling person of the Purchaser deliver ed to QLI a personal guarantee. The Purchaser is entitled to terminate the Agreement until the earlier to occur of July 27, 2014 or the payment of the entire consideration under the Agreement (the "Interim Period"), in the event that: (a) the Prague Operations are vacated from their current premises by virtue of the relations between the Prague Municipality (the owner of the premises) and Delta Center a.s. (the primary lessee of the premises, from which Nadji Club s.r.o sub-leases the premises); or (b) if a notice for the vacation of the premises is received by Nadji Club s.r.o. from the Prague Municipality and/or from any legal authority (for further information regarding this matter, please see our annual report for the year 2012, under "Business Review – Operations in Prague, Czech Republic"). In such event, QLI shall refund the consideration received from the Purchaser until such termination less Euro 200,000. Commencing with the execution of the Agreement, QLI shall not be involved in the management of the Prague Operations, which will be managed by the Purchaser or on its behalf; however, during the Interim Period, the Purchaser undertakes to update QLI regarding any development and/or negotiations concerning the lease of the premises or the Agreement.