29 August 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 6 months ended 30 June 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 6 months ended 30 June 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. 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. 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 the above mentioned plans. The aforesaid raise substantial doubt about the Company's ability to continue as a going concern.
- 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, as more fully described in Note 1 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 six and three months ended 30 June 2013.
- For developments regarding Casino Rodos' pending Greek corporate tax litigation, please see Note 1 to our quarterly financial statements attached herewith.
- 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 €5.9 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, and received from A.S.Y.V an irrevocable power of attorney, valid for a period of 3 months, to vote such number of ordinary shares of the Company that shall equal 4% of the issued and outstanding share capital of the Company following the rights issue.
- 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 the periods beginning on 1 January 2013.

Financial Highlights for the 6 months ended 30 June 2013 (as compared to the 6 months ended 30 June 2012)

- Gross revenues were €10.5 million (2012: €11.7 million)
- Net Revenues were €7.5 million (2012: €8.9 million)
- EBITDA was negative €2.7 million (2012: negative €2.8 million)
- Loss for the period was €20.4 million (2012: Profit of €14.9 million)
- Cash and cash equivalents were €2.4 million as of 30 June 2013

Haim Assayag, Executive 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 consideration of approximately €5.9 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 6 months ended 30 June 2013 (as compared to the 6 months ended 30 June 2012)

Gross revenues were €10.5 million (2012: €11.7 million), a decrease of 10.2% whilst net revenues decreased by 16% to €7.5 million (2012: €8.9 million), a decrease of €1.4 million, which is mainly due to the decrease in win per visit in the 1st half of 2013. Revenues continue to be suppressed by the prolonged economic crisis in Greece where the Group generates 72% of its gross revenue from Casino Rodos. The decrease in win per visit is putting pressure on EBITDA which remains negative at €2.7 million (2012: negative €2.7 million). The Company's net loss during the period amounts to €20.4 million (2012: Profit €14.9 million).

Cash and cash equivalents amounted to €2.4 million as of June 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 0.3¢ (2012: Profit (0.3¢)) and loss per GDR (each GDR representing 10 ordinary shares) were 3.2¢ (2012: Profit (3.2¢)).

Operational Review

Results by project for the 6 months ended 30 June 2013 and 2012:

Casino	Gross Gaming Revenue (EUR m)		Net Revenue (EURm)		EBITDA (EURm)		Visits (000's)		Gross Win per Visit (EUR)		QLI's Economic Interest
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	
Rodos	7.3	8.5	5.1	6.0	(0.9)	(1.3)	66	63	110	135	91.6%
Sasazu	-	-	2.0	2.3	(0.2)	0.2	-	-	-	-	100%
Cambodia	0.7	0.5	0.3	0.4	(0.8)	(0.4)	20	7	37	73	70%

Results by project for the 3 months ended 30 June 2013 and 2012:

Casino	Gross Gaming Revenue (EUR m)		Net Revenue (EURm)		EBITDA (EURm)		Visits (000's)		Gross Win per Visit (EUR)		QLI's Economic Interest
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	
Rodos	4.1	4.6	2.9	3.3	-	(0.4)	39	35	106	129	91.6%
Sasazu	-	-	1.0	1.2	-	0.1	-	-	-	-	100%
Cambodia	0.2	0.5	0.1	0.4	(0.4)	(0.4)	16	7	35	52	70%

Casino Rodos

Results for the 6 months ended 30 June 2013 (as compared to the 6 months ended 30 June 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. Gross gaming revenues amounted to €7.3 million (2012: €8.4 million) and net revenues amounted to €5.1 million (2012: €6.0 million) mainly due to a reduction in wins per visit which is attributed to visitors' lower disposable income. EBITDA generated for the 6 months was negative at €0.9 million compared to negative EBITDA of €1.3 million for the previous period last year.

SaSaZu (Prague)

Results for the 6 months ended 30 June 2013 (as compared to the 6 months ended 30 June 2012)

During the 6 months ended 30 June 2013, the gross revenues at SaSaZu decreased by 15.6%, and amounted to €2.0 million (2012: €2.3 million) and the project presented a negative EBITDA of €0.2 million compared to positive EBITDA of €0.2 million for the previous period last year. The Group has planned to export the brand SaSaZu to other QLI operations, however due to the current economic climate in Europe, the Group is re-considering its plans concerning this project.

Queenco Casino, Sihanoukville

During the year 2012 the 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.

As previously reported the Group has decided not to enter new developments in Europe but will continue to explore online gaming opportunities in the countries where it operates.

Outlook

The Greek economy remains stagnant and opportunities in Eastern Europe have also decreased since we first entered these markets, hence our decision to move away from European markets. We have begun to diversify our revenue mix in South East Asia with the opening of Queenco Casino in Sihanoukville and we will continue to explore opportunities there and in online gaming.

Yigal Zilkha
Chief Executive's, Queenco Leisure International Limited
29 August 2013

Approval of Compensation for a Director under the Companies Regulations (Relief for Transactions with Interested Parties), 2000 (the "Regulations")

On 26 and 28 of February 2013, the Company's audit committee and board of directors resolved that Mr. Yitchak Shwartz, who has been serving as a director of the Company without pay, shall be entitled to receive an annual and per meeting compensation equal to the minimum amounts allowed to be paid to external directors of public companies pursuant to the second and third additions of the Companies Regulations (Rules regarding Compensation and Expense Reimbursement of External Directors), 2000, and in accordance with the Company's equity level pursuant to the first addition thereof. Accordingly, as of the date hereof, Mr. Shwartz is entitled to an annual compensation of NIS 37 thousands NIS (Euro 7.8 thousand) and to a per-meeting compensation of NIS 2,500 (Euro 530).
Mr. Shwartz's compensation was approved pursuant to Section 1a of the Regulations, which allows the Company to approve the compensation of a director who is not a controlling person or its relative without the approval of the Company's general meeting of shareholders.
Please note, that pursuant to Section 1c of the Regulations, a shareholder of the Company holding at least 1% of the share capital of the Company or of its voting rights, is entitled to object to the relief granted under the Regulations within 14 days from the date of this report; in which case, the compensation of Mr. Shwartz as approved by the Company's audit committee and board of directors shall be brought for the approval of the Company's shareholders as provided under Section 273 of the Israeli Companies Law, 1999.

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

Queenco Leisure International Ltd.
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QUEENCO LEISURE INTERNATIONAL LTD

Interim condensed consolidated financial statements for
the interim periods ending 30 June 2013
(Unaudited)

QUEENCO LEISURE INTERNATIONAL LTD

Interim condensed consolidated financial statements

QUEENCO LEISURE INTERNATIONAL LTD
Consolidated Statements of Comprehensive Income (Loss)
(In thousands of €)

	3 months ended 30 June		6 months ended 30 June		Year ended
	2013	**2012 (*)**	**2013**	**2012 (*)**	**2012 (*)**
	unaudited	**unaudited**	**unaudited**	**unaudited**	
Revenues	4,111	4,952	7,485	8,904	20,171
Operating costs					
Cost of revenues	(3,774)	(4,255)	(8,248)	(8,539)	(17,450)
Selling and marketing expenses	(550)	(1,149)	(1,016)	(1,912)	(4,012)
General and administrative expenses	(1,365)	(1,728)	(2,543)	(2,994)	(4,846)
Other operating expenses	(1,567)	(779)	(1,567)	(779)	(709)
Share of results of associated company and joint ventures	(17)	(2,517)	(11)	24,560	19,846
Impairment of investment in associated company	(12,886)	-	(12,886)	-	(46,666)
Operating profit (loss)	**(16,048)**	**(5,476)**	**(18,786)**	**19,240**	**(33,666)**
Investment income	43	51	87	95	199
Finance costs	(225)	(466)	(757)	(688)	(1,384)
Foreign exchange gain (loss)	(83)	411	(1,134)	213	62
Profit (loss) before tax	**(16,313)**	**(5,480)**	**(20,590)**	**18,860**	**(34,789)**
Tax benefit (expense)	109	45	203	(353)	(1,010)
Profit (loss) from continued operations	**(16,204)**	**(5,435)**	**(20,387)**	**18,507**	**(35,799)**
Loss from discontinued operations	-	-	-	(3,597)	(3,597)
Total profit (loss) for the period	**(16,204)**	**(5,435)**	**(20,387)**	**14,910**	**(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	(255)	786	1,004	395	(420)
Share of other comprehensive income of associated	-	(344)	-	(774)	(546)
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	**(255)**	**442**	**1,004**	**10,728**	**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 income (loss) not to be reclassified to profit or loss in subsequent periods	**-**	**-**	**-**	**-**	**(1,384)**
Net other comprehensive income (loss)	**(255)**	**442**	**1,004**	**10,728**	**8,757**
Total comprehensive income (loss) for the period	**(16,459)**	**(4,993)**	**(19,383)**	**25,638**	**(30,639)**

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

QUEENCO LEISURE INTERNATIONAL LTD
Consolidated Statements of Comprehensive Income (Loss) (Cont.)
(In thousands of €)

	3 months ended 30 June		6 months ended 30 June		Year ended
	2 0 1 3	2 0 1 2 (*)	2 0 1 3	2 0 1 2 (*)	2 0 1 2 (*)
	unaudited	unaudited	unaudited	unaudited	
Total profit (loss) for the period attributable to:					
Equity holders of the parent	(15,990)	(5,136)	(19,809)	15,339	(38,712)
Non-controlling interest	(214)	(299)	(578)	(429)	(684)
	(16,204)	**(5,435)**	**(20,387)**	**14,910**	**(39,396)**
Total comprehensive income (loss) for the period					
Equity holders of the parent	(16,128)	(4,743)	(19,426)	26,053	(30,007)
Non-controlling interest	(331)	(250)	43	(415)	(632)
	(16,459)	**(4,993)**	**(19,383)**	**25,638**	**(30,639)**
Profit (loss) per share for the period attributable to:					
Profit (loss) per share from continued operations (¢) - basic and diluted	(2.6)	(1.1) (**)	(3.2)	3.9(**)	(5.6)
Profit (loss) per share from discontinued operations (¢) - basic and diluted	-	-	-	(0.7) (**)	(0.6)
	(2.6)	(1.1)	(3.2)	3.2	(6.2)

(*) Restated for retrospective implementation of IFRS 11 and IAS19R
(**) Restated to reflect share issuance as a result of exercise of rights in 2012..

QUEENCO LEISURE INTERNATIONAL LTD

Consolidated statements of Financial Position

(In thousands of €)

	As at		
	30 June		31 December
	2 0 1 3	2 0 1 2 (*)	2 0 1 2 (*)
	Unaudited	Unaudited	
Non-current assets			
Intangible assets	2,136	2,141	2,139
Property, plant and equipment	21,928	34,058	32,416
Investment in an associated company and joint ventures	13,784	79,069	26,652
Deferred tax asset	522	1,051	392
Other long term receivables	2,509	1,906	1,910
Total non-current assets	**40,879**	**118,225**	**63,509**
Current assets			
Inventories	284	377	310
Investments	-	6	2
Trade and other receivables	1,116	2,067	2,256
Cash and cash equivalents	2,416	2,116	2,406
	3,816	**4,566**	**4,974**
Non - current assets held for sale	**9,111**	**3,078**	**1,478**
Total current assets	**12,927**	**7,644**	**6,452**
Total assets	**53,806**	**125,869**	**69,961**
Current liabilities			
Accounts payable	1,672	1,351	1,333
Current tax liabilities	1,602	1,766	1,684
Other current liabilities	10,847	7,657	8,879
Bank overdraft and loans	1,011	1,009	1,010
Total current liabilities	**15,132**	**11,783**	**12,906**
Total assets less current liabilities	**38,674**	**114,086**	**57,055**
Non-current liabilities			
Long-term bank loans	5,768	6,739	5,754
Other long-term liabilities	3,934	6,841	2,918
Deferred tax	24	96	96
Provision for retirement benefits	776	571	732
Total non-current liabilities	**10,502**	**14,247**	**9,500**
Net assets	**28,172**	**99,839**	**47,555**

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

QUEENCO LEISURE INTERNATIONAL LTD
Consolidated Statements of Financial Position (Cont.)
(In thousands of €)

	As at		
	30 June		31 December
	2 0 1 3	2 0 1 2 (*)	2 0 1 2 (*)
	Unaudited	Unaudited	
Shareholders' equity			
Share capital	114,122	62,530	114,122
Share premium	83,597	131,196	83,597
Translation reserve	12,898	13,192	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	(182,783)	(107,591)	(162,974)
Equity attributable to equity holders of the parent	**16,254**	**87,747**	**35,680**
Non-controlling interest	**11,918**	**12,092**	**11,875**
Total Equity	**28,172**	**99,839**	**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 August 29, 2013. They were signed on its behalf by:

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

August 29, 2013

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

	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
For the six months ended 30 June 2013 (unaudited)									
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	-	-	383	-	-	-	383	621	1,004
Net loss for the period	-	-	-	-	-	(19,809)	(19,809)	(578)	(20,387)
Balance as at 30 June 2013 (unaudited)	**114,122**	**83,597**	**12,898**	**2,739**	**(14,319)**	**(182,783)**	**16,254**	**11,918**	**28,172**
For the six months ended 30 June 2012 (unaudited)									
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	-	-	(393)	-	-	-	(393)	14	(379)
Expense resulting from grant of share options	-	-	-	-	-	(75)	(75)	-	(75)
Share issuance to non-controlling 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 for the period	-	-	-	-	-	15,339	15,339	(429)	14,910
Balance as at 30 June 2012 (unaudited)	**62,530**	**131,196**	**13,192**	**2,739**	**(14,319)**	**(107,591)**	**87,747**	**12,092**	**99,839**

QUEENCO LEISURE INTERNATIONAL LTD

Consolidated Statements of Changes in Equity (cont.)
(In thousands of €)

	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
For the three months ended 30 June 2013 (unaudited)									
Balance as at 1 April 2013 (unaudited)	**114,122**	**83,597**	**13,036**	**2,739**	**(14,319)**	**(166,793)**	**32,382**	**12,249**	**44,631**
Translation differences	-	-	(138)	-	-	-	(138)	(117)	(255)
Net loss for the period	-	-	-	-	-	(15,990)	(15,990)	(214)	(16,204)
Balance as at 30 June 2013 (unaudited)	**114,122**	**83,597**	**12,898**	**2,739**	**(14,319)**	**(182,783)**	**16,254**	**11,918**	**28,172**
For the three months ended 30 June 2012 (unaudited)									
Balance as at 1 April 2012 (unaudited)	**62,530**	**131,196**	**12,799**	**2,739**	**(14,080)**	**(102,455)**	**92,729**	**12,103**	**104,832**
Translation differences	-	-	393	-	-	-	393	49	442
Share issuance to non-controlling shareholder	-	-	-	-	(239)	-	(239)	239	-
Net loss for the period	-	-	-	-	-	(5,136)	(5,136)	(299)	(5,435)
Balance as at 30 June 2012 (unaudited)	**62,530**	**131,196**	**13,192**	**2,739**	**(14,319)**	**(107,591)**	**87,747**	**12,092**	**99,839**

QUEENCO LEISURE INTERNATIONAL LTD

Consolidated Statements of Changes in Equity (Cont.)
(In thousands of €)

	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 June		6 months ended 30 June		Year ended
	2013	**2012 (*)**	**2013**	**2012 (*)**	**2012 (*)**
	unaudited	**unaudited**	**unaudited**	**unaudited**	
Net cash from operating activities (see Note 3)	**(15)**	**(1,589)**	**(752)**	**(2,523)**	**(3,260)**
Investing activities:					
Interest received	-	-	44	30	131
Purchases of property, plant and equipment	(308)	(361)	(322)	(399)	(1,071)
Proceeds on sale of property, plant and equipment	-	27	-	27	1,791
Purchase of other intangibles	-	(1)	-	(1)	(1)
Realisation of trading investments	-	(2)	-	71	75
Instalments for the acquisition of an interest in a jointly controlled entity	-	(80)	-	(405)	(767)
Disposal of interest in subsidiary	-	-	-	(586)	(586)
Net cash used in investing activities	**(308)**	**(417)**	**(278)**	**(1,263)**	**(428)**
Financing activities:					
Repayments of borrowings	-	-	-	-	(1,015)
Receipt of long term loan	190	1,779	726	2,828	3,734
Repayment of long term loan	-	-	-	-	(303)
Receipt of short term loan	424	-	424	-	-
Share issuance	-	-	-	-	1,043
Net cash provided by financing activities	**614**	**1,779**	**1,150**	**2,828**	**3,459**
Net decrease in cash and cash equivalents	291	(227)	120	(958)	(229)
Effect of foreign exchange rate changes	(249)	234	(110)	96	(343)
Cash and cash equivalents at beginning of period					
From continued operations	2,374	2,109	2,406	2,392	2,392
From discontinued operations	-	-	-	586	586
	2,374	**2,109**	**2,406**	**2,978**	**2,978**
Cash and cash equivalents at end of period	**2,416**	**2,116**	**2,416**	**2,116**	**2,406**
Tax paid	(41)	(41)	(82)	(82)	(164)
Interest paid	(167)	(134)	(167)	(221)	(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 €5.9 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, (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 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, and received from A.S.Y.V an irrevocable power of attorney, valid for a period of 3 months, to vote such number of ordinary shares of the Company that shall equal 4% of the issued and outstanding share capital of the Company following the rights issue.

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.") (see note 32 to the financial statement 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 €18.8 million and €33.7 million for the six months period ended 30 June 2013 and for the year ended 31 December, 2012, respectively, and to negative cash flows from its continued operations of approximately €0.8 million for the six month ended 30 June 2013. The Company net deficit in working capital amounted to approximately €2.2 million on 30 June 2013.

NOTE 1 - GENERAL INFORMATION (Cont.)

1.2 Financial Condition (Cont.)

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. The said liabilities to the previous shareholder in Dasharta amounted as at 30 June 2013 to €704. The said liabilities to Queenco amounted as at 30 June 2013 to NIS 30.1 million. 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.

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. 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 €5.9 million, 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 €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, as a result of negotiations started with a prospective buyer, based on the Company's best estimation of the price the assets can be sold.

The Company also recorded an impairment loss of approximately €1.1 million on the fix assets in Prague. The Company is currently examining the possibility of selling the activity in Prague and has started negotiations with a prospective buyer. The impairment charge was recorded based on the Company's best estimation of the price for which the activity can be sold.

At 1 July 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. Agastia is one of the companies through which the Company indirectly holds, together with others, CHL.

NOTE 1 - GENERAL INFORMATION (Cont.)

1.2 Financial Condition (Cont.)

The court: (a) rejected the Applicant's request concerning 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 result of the court's first decision has no a significant impact following the resignation of Casino Austria director and currently without the participation of the directors by the company it is not possible to convene the B.O.D.

In order to implement the courts second decision the company need to change PBS article of association due to the company relationship with the partner the company can not estimate the time the process will be complete.

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.

Project in Loutraki

In addition to the significant losses CHL incurred in 2012, CHL also incurred a net loss of € 17 million during the six months ended June 30, 2013, and as of that date, CHL's current liabilities exceeded its current assets by €78 million (of which €37 million are unsecured credit to Bank Piraeus). 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 will 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, the Administrator 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.

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.

NOTE 1 - GENERAL INFORMATION (Cont.)

1.2 Financial Condition (Cont.)

Project in Loutraki (cont.)

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. 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 June 2013 is approximately € 8.2 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 these 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.

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 six and three months ended 30 June 2013.

Please also see note 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 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, along with the current public atmosphere in Greece concerning tax evasions, which is reflected, among other things, in frequent legislation changes and decisions aimed at increasing the enforcement in the tax field, have resulted in the reduction of CR's chances of winning the appeal. Nevertheless, CR's attorneys have clarified that CR can strengthen its claims by taking some additional actions, including, among others, additional documentation and supporting evidences.

NOTE 1 - GENERAL INFORMATION (Cont.)

1.2 Financial Condition (Cont.)

Project in Rhodes (cont.)

The attorneys handling the case for CR have estimated that, assuming that CR is able to complete and present to the court such documents and evidences within the time period available for the submission of such evidence and documents, CR's chances of winning the appeal are slightly above 51%. CR's management is of the opinion, after thoroughly discussing and examining each of the actions required, that it is able to submit the required data to the court within the available time frame in accordance with the instructions of its attorneys in such scope that will defined its chances of winning the appeal at slightly above 51%.

Therefore, the Company has resolved not to include in its financial statements any provision regarding this case.

The tax assessments as of the date hereof (including 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 June 2013 amounts to approximately Euro 6.7 million. If the Company or Y.Z. are required to pay their guarantees, there is high likelihood that they will not have the financial means to do so.

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 June 30, 2012 unaudited financial statements is as follows:

	30 June 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	6,812	(4,696)	-	2,116
Other current assets	5,516	12	-	5,528
	12,328	(4,684)		7,644
Property, plant and equipment	39,466	(5,408)	-	34,058
Investment in an associated company and joint ventures	66,570	12,499		79,069
Other non-current assets	9,581	(4,483)	-	5,098
	115,617	2,608	-	118,225
Total Assets	127,945	(2,076)	-	125,869
Current liabilities	(11,944)	161	-	(11,783)
Other long term liabilities	(8,756)	1,915	-	(6,841)
Other non-current liabilities	(7,927)	-	521	(7,406)
	(16,683)	1,915	521	(14,247)
	99,318	**-**	**(521)**	**99,839**

(in thousands of € unless otherwise stated)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

	Six months ended 30 June 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	**20,285**	**(11,381)**	**-**	**8,904**
Cost of revenues	(19,653)	11,114	-	(8,539)
Selling and marketing expenses	(4,964)	3,052	-	(1,912)
General and administrative expenses	(5,333)	2,339	-	(2,994)
Other operating expenses	(1,578)	799	-	(779)
Share of results of associated company and joint ventures	(2,429)	28,694	(1,705)	24,560
Profit on deem disposal of subsidiary	33,580	(33,580)	-	-
Operating profit	**19,908**	**1,037**	**(1,705)**	**19,240**
Investment income	66	29	-	95
Finance costs	(1,019)	331	-	(688)
Foreign exchange gain	194	19	-	213
Profit before tax	**19,149**	**1,416**	**(1,705)**	**18,860**
Tax benefit (expense)	124	(477)	-	(353)
Profit from continued operations	**19,273**	**939**	**(1,705)**	**18,507**
Loss from discontinued operations	(3,597)	-	-	(3,597)
Total profit for the period	**15,676**	**939**	**(1,705)**	**14,910**
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	(498)	119	-	(379)
Total comprehensive income for the period	**26,285**	**1,058**	**(1,705)**	**25,638**
Profit for the year attributable to:				
Equity holders of the parent	17,044	-	(1,705)	15,339
Non- controlling interests	(1,368)	939	-	(429)
	15,676	**939**	**(1,705)**	**14,910**
Total comprehensive income (loss) for the year attributable to:				
Equity holders of the parent	27,758	**-**	(1,705)	26,053
Non-controlling interests	(1,473)	1,058	-	(415)
	26,285	**1,058**	**(1,705)**	**25,638**

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.)

	Three months ended 30 June 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	**4,952**	**-**	**-**	**4,952**
Cost of revenues	(4,255)	-	-	(4,255)
Selling and marketing expenses	(1,149)	-	-	(1,149)
General and administrative expenses	(1,766)	38	-	(1,728)
Other operating expenses	(779)	-	-	(779)
Share of results of associated company and joint ventures	(2,429)	(88)	-	(2,517)
Profit on deem disposal of subsidiary	-	-	-	-
Operating profit	**(5,426)**	**(50)**	**-**	**(5,476)**
Investment income	32	19	-	51
Finance costs	(483)	17	-	(466)
Foreign exchange gain	397	14	-	411
Profit before tax	**(5,480)**	**-**	**-**	**(5,480)**
Tax benefit (expense)	45	-	-	45
Profit from continued operations	**(5,435)**	**-**	**-**	**(5,435)**
Loss from discontinued operations	-	-	-	-
Total profit for the period	**(5,435)**	**-**	**-**	**(5,435)**
Realization of translation reserve due to the disposal and deem disposal of subsidiaries	-	-	-	-
Exchange differences arising on translation of foreign operations	442	-	-	442
Total comprehensive loss for the period	**(4,993)**	**-**	**-**	**(4,993)**
Profit (loss) for the year attributable to:				
Equity holders of the parent	(5,136)	-	-	(5,136)
Non- controlling interests	(299)	-	-	(299)
	(5,435)	**-**	**-**	**(5,435)**
Total comprehensive income (loss) for the year attributable to:				
Equity holders of the parent	(4,743)	**-**	-	(4,743)
Non-controlling interests	(250)	-	-	(250)
	(4,993)	**-**	**-**	**(4,993)**

(in thousands of € unless otherwise stated)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (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.)

	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	**31,552**	**(11,381)**	**-**	**20,171**
Cost of revenues	(28,663)	11,114	99	(17,450)
Selling and marketing expenses	(7,064)	3,052	-	(4,012)
General and administrative expenses	(7,253)	2,407	-	(4,846)
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)	**(33,997)**	**1,195**	**(864)**	**(33,666)**
Investment income	135	64	-	199
Finance costs	(1,740)	356	-	(1,384)
Foreign exchange gain (loss)	261	(199)	-	62
Profit before tax	**(35,341)**	**1,416**	**(864)**	**(34,789)**
Tax expense	(533)	(477)	-	(1,010)
Loss from continued operations	**(35,874)**	**939**	**(864)**	**(35,799)**
Loss from discontinued operations	(3,597)	-	-	(3,597)
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 June 30		6 months ended June 30		Year ended December 31
	2013	2012 (*)	2013	2012 (*)	2012 (*)
	Unaudited		Unaudited		
Net profit (loss)	**(16,204)**	**(5,435)**	**(20,387)**	**14,910**	**(39,396)**
Adjustments for:					
Depreciation of property, plant and equipment	806	823	1,619	1,779	3,476
Decrease in provisions	(88)	(12)	(64)	(127)	(608)
Loss on sale of property, plant and equipment and disposals	-	777	-	777	(45)
Impairment of investment	12,886	-	12,886	-	46,666
Impairments and disposals	1,567	-	1,567	-	735
Loss on disposal of discontinued operation	-	-	-	3,597	3,597
Investment income	(43)	(51)	(87)	(95)	(199)
Finance costs	225	466	757	688	1,384
Foreign exchange loss (gain)	83	(411)	1,134	(213)	(62)
Share of result of associated company and joint ventures	17	2,517	11	(24,560)	(19,846)
Expense relating to grant of share options	-	-	-	(75)	(75)
Operating cash flows before movements in working capital	**(751)**	**(1,326)**	**(2,564)**	**(3,319)**	**(4,373)**
Decrease (increase) inventories	2	(75)	21	(74)	(16)
Decrease in receivables	377	307	513	541	577
Increase in payables	565	(320)	1,527	632	1,241
Cash generated by operations	**193**	**(1,414)**	**(503)**	**(2,220)**	**(2,571)**
Income taxes paid	(41)	(41)	(82)	(82)	(164)
Interest paid	(167)	(134)	(167)	(221)	(525)
Net cash from operating activities	**(15)**	**(1,589)**	**(752)**	**(2,523)**	**(3,260)**

(*) 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.

Segmental Revenues and Profit:

	Rhodes	Prague	Cambodia	Adjustments	Total
	Six months ended June 30, 2013				
Revenues	5,076	1,980	281	148	7,485
Segment profit (EBITDA before other operating expenses)	(939)	(168)	(752)	(844)	(2,703)
Depreciation & Amortization	864	651	37	67	1,619
Impairment of investment in associated company					(12,886)
Impairment of fix assets		(1,088)			(1,088)
Impairment of non - current asset held for sale					(479)
Share of results of associates and joint ventures					(11)
Operating loss					(18,786)
Finance costs, investment income and Foreign exchange gain					(1,804)
Loss before tax					**(20,590)**

	Rhodes	Prague	Cambodia	Adjustments	Total
	Six months ended June 30 2012 (*)				
Revenues	6,010	2,345	448	101	8,904
Segment profit (EBITDA before other operating expenses)	(1,319)	219	(387)	(1,275)	(2,762)
Depreciation & Amortization	942	760	12	65	1,779
Disposals of fix assets					(779)
Share of results of associates and joint ventures					24,560
Operating profit					19,240
Finance costs, investment income and Foreign exchange gain					(380)
Profit before tax					**18,860**

(*) Restated for retrospective implementation of IAS19R

(in thousands of € unless otherwise stated)

NOTE 4 - SEGMENT INFORMATION (Cont.)

Segmental Revenues and Profit:

	Rhodes	Prague	Cambodia	Adjustments	Total
	Three months ended June 30, 2013				
Revenues	2,897	1,008	117	89	4,111
Segment profit (EBITDA before other operating expenses)	24	(4)	(381)	(424)	(785)
Depreciation & Amortization	429	310	19	35	793
Impairment of investment in associated company					(12,886)
Impairment of fix assets		(1,088)			(1,088)
Impairment of non - current asset held for sale					(479)
Share of results of associates and joint ventures					(17)
Operating loss					(16,048)
Finance costs, investment income and Foreign exchange gain					(265)
Loss before tax					**(16,313)**

	Rhodes	Prague	Cambodia	Adjustments	Total
	Three months ended June 30, 2012 (*)				
Revenues	3,266	1,203	448	35	4,952
Segment profit (EBITDA before other operating expenses)	(380)	110	(387)	(703)	(1,360)
Depreciation & Amortization	432	350	12	26	820
Impairment of investment in associated company					
Disposal of fix assets					(779)
Share of results of associates and joint ventures					(2,517)
Operating loss					(5,476)
Finance costs, investment income and Foreign exchange gain					(4)
Loss before tax					**(5,480)**

(*) Restated for retrospective implementation of IAS19R

(in thousands of € unless otherwise stated)

NOTE 4 - SEGMENT INFORMATION (Cont.)

Segmental Revenues and Profit:

	Rhodes	Prague	Cambodia	Adjustments	Total
	Year ended 31 December 2012 (*)				
Revenues	14,407	4,950	596	218	20,171
Segment profit (EBITDA before other operating expenses)	136	195	(1,003)	(1,941)	(2,613)
Depreciation & Amortization	1,851	1,495	34	144	3,524
Impairment of investment in associated company					(46,666)
Other operating expenses					(709)
Share of results of associates and joint ventures					19,846
Operating loss					(33,666)
Finance costs, investment income and Foreign exchange gain					(1,123)
Loss before tax					**(34,789)**

(*) Restated for retrospective implementation of IAS19R

NOTE 5 - OTHER INFORMATION

1. Following the termination of Mr. Tal Taragan's services as the chief executive officer of the Company on April 30, 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 also serves as the chief executive officer of (Y.Z.) Queenco Ltd., the Company's parent corporation. Mr Zilkha is 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.

3. Dr Ziv Reich and Mr Effy Abudi have resigned from their position as non-executive directors with immediate effect.

4. 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, 2013.