

B.S.D CROWN LTD.

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AS OF AND FOR THE
SIX MONTHS ENDED 30 JUNE 2017

UNAUDITED

IN NIS

B.S.D CROWN LTD.

**INTERIM CONDENSED CONSOLIDATED
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Report on Review of Interim Financial Information

To the shareholders of B.S.D. Crown Ltd.

Introduction

We have reviewed the accompanying Interim Condensed Consolidated Statements of Financial Position B.S.D. Crown Ltd and its subsidiaries as of June 30, 2017 and the related Interim Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income, Interim Condensed Consolidated Statement of Changes in Equity and the Interim Condensed Consolidated Statement of Cash Flows for the six-month period then ended, and notes to Interim Condensed Consolidated Financial Statements. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standards (IAS) 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects the financial position of the entity as at June 30, 2017, and of its financial performance and its cash flows for the six-month period then ended in accordance IAS 34.

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Emphasis of Matter

Without qualifying our conclusion, we draw attention to :

1. Note 6(C) of the financial information describing an investigation by the Israeli Securities Authority against the former controlling shareholder of the Company with suspicion of theft by an agent, aggravated fraud, money laundering, fraud and breach of fiduciary duties and false registration of corporate documents .
2. Notes 6(F)(1) of the financial statements describing an investigation of the Israeli Securities Authority against the former Company's controlling shareholder with regards to the investment made by Company's subsidiary in foreign bonds and which according to the suspicion, served as a sort of collateral for a loan made for the needs of the former Company's controlling shareholder.
3. Note 6(B) of the financial statements describing a motion to certify a derivative action which was filed in July 2016 against the Company's directors, officers and auditors .
4. Note 6(F)(1) of the financial statements describing a motion to certify a derivative action which was filed in February 2016 against the Company's subsidiary's directors and officers.

Brightman Almagor Zohar & Co.
Certified Public Accountants
A member firm of Deloitte Touche Tohmatsu Limited
Haifa, Israel

4 December 2017

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B.S.D CROWN LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30 June		31 December
	2017	2016	2016
	Unaudited		Audited
	NIS in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	98,540	175,308	147,659
Short-term deposits	808	884	833
Financial assets at fair value through profit or loss	109,180	82,576	104,154
Trade receivables	92,936	90,384	80,246
Other receivables and prepaid expenses	13,722	9,849	11,757
Inventories	70,927	33,097	41,913
	386,113	392,098	386,562
NON-CURRENT ASSETS:			
Investments in foreign bonds	-	8,299	-
Property, plant and equipment, net	49,152	51,385	49,523
Intangible assets:			
Customer relationships	14,453	16,932	15,692
Supplier relationships	4,863	7,518	6,190
Brands	3,345	4,217	3,781
Non-competition agreements	-	2,525	194
	71,813	90,876	75,380
Total non-current assets	71,813	90,876	75,380
Total assets	457,926	482,974	461,942

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

B.S.D CROWN LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30 June		31 December
	2017	2016	2016
	Unaudited		Audited
	NIS in thousands		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables	16,917	16,442	15,551
Other accounts payable and deferred revenues	11,091	12,616	9,920
Employee benefit liabilities, net	2,559	2,947	2,380
Total current liabilities	30,567	32,005	27,851
NON-CURRENT LIABILITIES:			
Employee benefit liabilities, net	849	664	838
Deferred taxes	3,417	5,827	5,595
Total non-current liabilities	4,266	6,491	6,433
EQUITY:			
Share capital	1,349	1,349	1,349
Share premium	1,890,454	1,890,454	1,890,454
Treasury shares	(344,989)	(344,989)	(344,989)
Reserve from transactions with non- controlling interests	(3,307)	(3,328)	(3,307)
Reserve from translation of financial statements of foreign operation	710	377	682
Reserve from initial translation of the Company financial statements	85,279	85,279	85,279
Accumulated deficit	(1,428,707)	(1,418,224)	(1,425,671)
Equity attributable to Company's equity holders	200,789	210,918	203,797
Non- controlling interests	222,304	233,560	223,861
Total equity and non- controlling interests	423,093	444,478	427,658
Total liabilities and equity	457,926	482,974	461,942

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

4 December, 2017			
Date of approval of the financial statements	Joseph Williger Chairman of the board	Shlomo Wertheim Chairman of the Audit Committee	Moran Attar Financial controller

B.S.D CROWN LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

	Six months ended		Year ended
	30 June		31 December
	2017	2016	2016
	NIS in thousands		
	Unaudited	Audited	
Revenues	160,076	160,414	296,082
Cost of sales	(124,679)	(118,425)	(220,638)
Gross profit	<u>35,397</u>	<u>41,989</u>	<u>75,444</u>
Research and development	-	2,675	2,711
Selling expenses	24,851	20,232	42,989
General and administrative expenses	13,135	13,922	25,853
Other (income) loss	(107)	1,957	5,971
Total operating expenses, net	<u>37,879</u>	<u>38,786</u>	<u>77,524</u>
Operating income (loss)	(2,482)	3,203	(2,080)
Financial income	5,061	2,130	6,136
Financial expense	(4,601)	(1,109)	(11,054)
Income (loss) before taxes on income	(2,022)	4,224	(6,998)
Taxes on income	442	(2,436)	(2,113)
Gain (loss) for the period	<u>(1,580)</u>	<u>1,788</u>	<u>(9,111)</u>
<u>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods, net of tax:</u>			
Exchange differences on translating foreign operation	28	377	682
<u>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods, net of tax:</u>			
Remeasurement loss from defined benefit plans	-	-	(179)
Total other comprehensive income, net of tax	<u>28</u>	<u>377</u>	<u>503</u>
Total comprehensive income (loss)	<u>(1,552)</u>	<u>2,165</u>	<u>(8,608)</u>
Gain (loss) attributable to:			
Equity holders of the Company	(3,036)	(3,069)	(10,516)
Non- controlling interests	1,456	4,857	1,405
	<u>(1,580)</u>	<u>1,788</u>	<u>(9,111)</u>
Total comprehensive income (loss) attributable to:			
Equity holders of the Company	(3,008)	(2,692)	(9,834)
Non- controlling interests	1,456	4,857	1,226
	<u>(1,552)</u>	<u>2,165</u>	<u>(8,608)</u>
Basic and diluted net loss per share attributable to Company's equity holders (in NIS):			
Net loss per share	<u>(0.03)</u>	<u>(0.03)</u>	<u>(0.1)</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

B.S.D CROWN LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Attributable to equity holders of the Company										
Share capital	Share premium	Treasury shares	Reserve from transactions with non-controlling interest	Reserve from initial translation of the Company financial statements	Reserve from translation of financial statements of foreign operation	Accumulated deficit	Total	Non-controlling interests	Total equity	
NIS in thousands										
Unaudited										
Balance as of 1 January 2017	1,349	1,890,454	(344,989)	(3,307)	85,279	682	(1,425,671)	203,797	223,861	427,658
Net income (loss)	-	-	-	-	-	-	(3,036)	(3,036)	1,456	(1,580)
Other comprehensive income (loss):										
Exchange differences on translating foreign operation	-	-	-	-	-	28	-	28	-	28
Total comprehensive loss	-	-	-	-	-	28	(3,036)	(3,008)	1,456	(1,552)
Subsidiary's dividends declaration and payment to non - controlling interest	-	-	-	-	-	-	-	-	(3,013)	(3,013)
Balance as of 30 June 2017	<u>1,349</u>	<u>1,890,454</u>	<u>(344,989)</u>	<u>(3,307)</u>	<u>85,279</u>	<u>710</u>	<u>(1,428,707)</u>	<u>200,789</u>	<u>222,304</u>	<u>423,093</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

B.S.D CROWN LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Attributable to equity holders of the Company										
Share capital	Share premium	Treasury shares	Reserve from transactions with non-controlling interest	Reserve from initial translation of the Company financial statements	Reserve from translation of financial statements of foreign operation	Accumulated deficit	Total	Non-controlling interests	Total equity	
NIS in thousands										
Unaudited										
Balance as of 1 January 2016	1,349	1,890,454	(344,989)	(3,384)	85,279	-	(1,415,155)	213,554	229,078	442,632
Net income (loss)	-	-	-	-	-	-	(3,069)	(3,069)	4,857	1,788
Other comprehensive income (loss):										
Exchange differences on translating foreign operation	-	-	-	-	-	377	-	377	-	377
Total comprehensive income (loss)	-	-	-	-	-	377	(3,069)	(2,692)	4,857	2,165
Transaction with non-controlling interest purchase share of subsidiary	-	-	-	56	-	-	-	56	(375)	(319)
Balance as of 30 June 2016	<u>1,349</u>	<u>1,890,454</u>	<u>(344,989)</u>	<u>(3,328)</u>	<u>85,279</u>	<u>377</u>	<u>(1,418,224)</u>	<u>210,918</u>	<u>233,560</u>	<u>444,478</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

B.S.D CROWN LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Attributable to equity holders of the Company										
Share capital	Share premium	Treasury shares	Reserve from transactions with non-controlling interest	Reserve from initial translation of the Company financial statements	Reserve from translation of financial statements of foreign operation	Accumulated deficit	Total	Non-controlling interests	Total equity	
NIS in thousands										
Audited										
Balance as of 1 January 2016	1,349	1,890,454	(344,989)	(3,384)	85,279	-	(1,415,155)	213,554	229,078	442,632
Net (loss) income	-	-	-	-	-	-	(10,516)	(10,516)	1,405	(9,111)
Other comprehensive (loss) income:										
Exchange differences on translating foreign operation	-	-	-	-	-	682	-	682	-	682
Remeasurement loss from defined benefit plans	-	-	-	-	-	-	-	-	(179)	(179)
Total comprehensive loss	-	-	-	-	-	682	(10,516)	(9,834)	1,226	(8,608)
Subsidiary's dividends declaration and payment to non-controlling interests	-	-	-	-	-	-	-	-	(8,081)	(8,081)
Non-controlling interest related to disposal of subsidiary	-	-	-	-	-	-	-	-	2,123	2,123
Transactions with non-controlling interest -purchase shares of subsidiary	-	-	-	77	-	-	-	77	(485)	(408)
Balance as of 31 December 2016	<u>1,349</u>	<u>1,890,454</u>	<u>(344,989)</u>	<u>(3,307)</u>	<u>85,279</u>	<u>682</u>	<u>(1,425,671)</u>	<u>203,797</u>	<u>223,861</u>	<u>427,658</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

B.S.D CROWN LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June		Year ended 31 December
	2017	2016	2016
	Unaudited		Audited
	NIS in thousands		
<u>Cash flows from operating activities:</u>			
Gain (loss) for the period	(1,580)	1,788	(9,111)
Adjustments to reconcile loss from continuing operations to net cash provided by (used in) operating activities:			
Reversal of impairment loss	-	-	(1,904)
Impairment of investment in foreign bonds	-	-	7,734
Loss from deconsolidation of subsidiary	-	-	1,666
Depreciation and amortisation	5,160	7,208	14,595
(Gain) loss on disposal of fixed assets	(301)	76	(46)
(Decrease) increase employee benefit liabilities, net	12	(191)	(223)
Change in financial assets at fair value through profit or loss	(1,943)	190	(1,709)
Change in investment fund designated at fair value through profit or loss	-	(172)	(172)
Change in non-current financial assets		205	
Interest income recognised from bank deposits		-	
Exchange rate difference on short term deposits	43	134	-
Decrease in deferred tax	(2,178)	(1,723)	(1,955)
Current tax expenses	3,020	5,351	4,068
	3,813	11,078	22,054
Changes in asset and liability items:			
(Increase) decrease in inventories	(29,014)	1,451	(7,365)
(Increase) decrease in trade receivables	(12,690)	(8,965)	1,173
(Increase) decrease in receivables and prepaid expenses	(2,136)	5,255	7,979
Increase in trade payables, other payables and accrued expenses	2,845	3,624	529
	(40,995)	1,365	2,316
Cash received (paid) during the period:			
Interest received	-	-	770
Income taxes paid	(3,719)	(4,734)	(8,126)
	(3,719)	(4,734)	(7,356)
Net cash (used in) provided by operating activities	(42,481)	9,497	7,903

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

B.S.D CROWN LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June	Year ended 31 December
	2017	2016
	Unaudited	Audited
	NIS in thousands	

Cash flows from investing activities:

Recover from foreign bank deposits	-	-	1,904
Proceeds from sale of property and equipment	301	218	340
Purchase of property and equipment	(1,593)	(1,675)	(1,979)
(Investment in) maturing of short-term deposits, net	(20)	20,288	20,425
Proceeds (purchases) from sale of financial assets at fair value through profit or loss	(3,083)	62,116	42,436
Proceeds from sale of investment funds designated in at fair value through profit or loss	-	10,206	10,206
Reverse (investments) in foreign bonds	770	(8,504)	(8,504)
Net cash (used in) provided by investing activities from continuing operations	(3,625)	82,649	64,828

Cash flows from financing activities:

Repurchase of shares from non-controlling interest by subsidiary	-	(319)	(485)
Repurchase of shares from non-controlling interest of subsidiary by Company	-	(6,219)	(6,219)
Bank overdraft, net	-	(15)	(16)
Dividend paid by subsidiary	(3,013)	-	(8,081)
Short term loan from past controlling shareholder	-	244	244
Net cash used in financing activities from continuing operations	(3,013)	(6,309)	(14,557)

Exchange differences on balances of cash and cash equivalents	-	(48)	(34)
Net (decrease) increase in cash and cash equivalents	(49,119)	85,789	58,140
Cash and cash equivalents at the beginning of the period	147,659	89,519	89,519
Cash and cash equivalents at the end of the period	98,540	175,308	147,659

a. Non-cash transactions:

Redemption of short term loan from past controlling shareholder	-	-	192
Purchase of property, plant and equipment on credit	-	46	-

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

B.S.D CROWN LTD.
NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 1 - GENERAL

- A.** B.S.D Crown Ltd. ("BSD" or "the Company") is a corporation registered in Israel. The Company's shares are registered for trading on the Official List of the London Stock Exchange on the Standard List ("LSE") under the symbol BSD. As of the date of the approval of these financial statements, the trading of Company's shares is suspended.
- B.** The Company is engaged in managing its investments that comprise mainly an investment in a subsidiary which imports markets and distributes food products.
- C.** The interim condensed consolidated financial statements for the six month periods ended 30 June 2017 should be read with the audited consolidated financial statements for the year ended 31 December 2016 and which were published on 30 November 2017.
- D.** Since 5 May 2017 the Company is controlled by Mr. Joseph Williger.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation of the interim consolidated financial statements:

The interim condensed consolidated financial statements for six month periods ended 30 June 2017 have been prepared in accordance with International Accounting Standards (IAS) 34, Interim Financial Reporting, as adopted by the European Union. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

B. Exchange rates and the linkage basis:

- a) Balances in foreign currencies or which are linked thereto are included in the financial statements according to the exchange rates published by the Bank of Israel and which were in effect at the end of the reporting period.
- b) Balances linked to the Consumer Price Index are presented in accordance with the last known index at the end of the reporting period (the monthly index preceding the month of the financial statement) or according to the index with respect to the last months of the reporting period (the monthly index for the month in which the date of the financial statement falls), in accordance with the terms of the transaction.
- c) Below are the data on the exchange rate of the dollar and the index:

	<u>Exchange rate</u>	<u>Israeli CPI (*)</u>	
	<u>For the dollar (NIS per \$1 US)</u>	<u>Known index Points</u>	<u>Index with respect to Points</u>
Date of the financial statements:			
For June 30, 2017	3.49	113.38	112.59
For June 30, 2016	3.85	112.48	112.82
For December 31, 2016	3.84	112.59	112.59
Percent change:	<u>%</u>	<u>%</u>	<u>%</u>
For six months period ending			
June 30, 2017	(0.09)	0.01	-
June 30, 2016	(1.33)	-	-
For year ending: December 31, 2016	(1.5)	(4.9)	(0.3)

(*) 2008 basis

B.S.D CROWN LTD.
NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

C. Income tax:

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. In order to calculate the average annual effective income tax, the company reduces tax losses that no deferred tax assets were recognized in respect to them, and it expects them to reduce the annual current taxable profit.

The major components of income tax expense in the interim condensed statement of profit or loss are: Current income tax expense, Deferred income tax expense relating to origination and reversal of temporary differences except to the extent that the tax arises from transactions which recognized directly in equity and business combinations.

NOTE 3 - DISCLOSURE OF NEW STANDARDS IN THE PERIOD PRIOR TO THE ADOPTION

A. IFRS 9, "Financial Instruments":

In July 2014, the International Accounting Standards Board (IASB) issued the final and complete version of International Financial Reporting Standards (IFRS) 9, "Financial Instruments" ("IFRS 9") which replaces IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 mainly focuses on the classification and measurement of financial assets and it applies to all assets in the scope of IAS 39.

According to IFRS 9, all financial assets are measured at fair value upon initial recognition. In subsequent periods, debt instruments are measured at amortized cost only if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect the contractual cash flows.
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement of all other debt instruments and financial assets should be at fair value. IFRS 9 establishes a distinction between debt instruments to be measured at fair value through profit or loss and debt instruments to be measured at fair value through other comprehensive income.

Financial assets that are equity instruments should be measured in subsequent periods at fair value and the changes recognised in profit or loss or in other comprehensive (loss) income, in accordance with the election by the Company on an instrument-by-instrument basis. If equity instruments are held for trading, they should be measured at fair value through profit or loss.

According to IFRS 9, the provisions of IAS 39 will continue to apply to derecognition and to financial liabilities for which the fair value option has not been elected.

According to IFRS 9, changes in fair values of financial liabilities which are attributable to the change in credit risk should be presented in other comprehensive income. All other changes in fair value should be presented in profit or loss.

B.S.D CROWN LTD.
NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 3 - DISCLOSURE OF NEW STANDARDS IN THE PERIOD PRIOR TO THE ADOPTION (Cont.)

A. IFRS 9, "Financial Instruments" (Cont.):

IFRS 9 also prescribes new hedge accounting requirements.

IFRS 9 is to be applied for annual periods beginning on January 1, 2018. Early adoption is permitted.

The Company is evaluating the possible impact of IFRS 9 but is presently unable to assess its effect, if any, on the financial statements.

B. IFRS 15, "Revenue from Contracts with Customers":

In May 2014, the IASB issued IFRS 15 ("IFRS 15").

IFRS 15 replaces IAS 18, "Revenue", IAS 11, "Construction Contracts".

The IFRS 15 introduces a five-step model that will apply to revenue earned from contracts with customers:

Step 1: *Identify the contract with a customer*, including reference to contract combination and accounting for contract modifications.

Step 2: *Identify the separate performance obligations in the contract*

Step 3: *Determine the transaction price*, including reference to variable consideration, financing components that are significant to the contract, non-cash consideration and any consideration payable to the customer.

Step 4: *Allocate the transaction price to the separate performance obligations* on a relative stand-alone selling price basis using observable information, if it is available, or using estimates and assessments.

Step 5: *Recognise revenue when the entity satisfies a performance obligation* over time or at a point in time.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted. IFRS 15 allows an entity to choose to apply a modified retrospective approach, according to which IFRS 15 will only be applied in the current period presented to existing contracts at the date of initial application. No restatement of the comparative periods will be required as long as the disclosures regarding prior periods required by IFRS 15 are included.

The Company is evaluating the possible impact of IFRS 15 with respect to contracts not yet completed until 1 January 2018. The accumulated impact will be recognised as the correction of the accumulated deficit. The comparative financial information for the years ended 31 December 2016 and 2017 will be presented according to IAS 18. The Company believes the effect on the financial statements of the adoption of IFRS 15 will be immaterial

B.S.D CROWN LTD.
NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 3 - DISCLOSURE OF NEW STANDARDS IN THE PERIOD PRIOR TO THE ADOPTION (Cont.)

C. IFRS 16, "Leases"

IFRS 16 introduce comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17, "Leases" and the related interpretations when it becomes effective.

IFRS 16 distinguished leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees (all on balance sheet) except for short-term leases and leases of low value assets IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

The Company has not yet evaluated the possible impact of IFRS 16 on its leased assets contracts.

NOTE 4 - FINANCIAL INSTRUMENTS

Financial instruments that are not measured at fair value:

Except as detailed in the following table, the Group believes that the carrying amount of financial assets and liabilities that are presented at amortised cost in the financial statements approximates their fair value.

Financial assets at fair value:

	30 June 2017		
	Unaudited		
	Level 1	Level 2	Total
	NIS in thousands		
Financial assets at fair value through profit or loss:			
Financial asset at fair value through profit or loss	109,180	-	109,180
Financial assets at fair value through profit or loss:			
Financial asset at fair value through profit or loss	82,576	-	82,576
Financial assets at fair value through profit or loss:			
Financial asset at fair value through profit or loss	104,154	-	104,154

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NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 5 - OPERATING SEGMENTS

A. General:

Upon the completion of the Company's acquisition of WFI in May 2014, the Group's main activity and its sole operating segment are import, marketing and distribution of food products to retail chains, supermarkets, wholesalers, and institutions mainly in Israel.

An operating segment is identified on the basis of information that is reviewed by the chief operating decision maker ("CODM") to make decisions about resources to be allocated and assess its performance.

B. Reporting segments:

	Six months ended 30 June		Year ended 31 December
	Unaudited		Audited
	NIS in thousands		
	2017	2016	2016
Revenues			
Import marketing and distribution of food products	159,936	159,423	294,669
Other	140	991	1,413
	<u>160,076</u>	<u>160,414</u>	<u>296,082</u>
Segment income (loss)			
Import marketing and distribution of food products	1,167	10,334	11,326
Other (*)	(3,649)	(7,131)	(13,406)
	<u>(2,482)</u>	<u>3,203</u>	<u>(2,080)</u>
Operating gain (loss)	<u>(2,482)</u>	<u>3,203</u>	<u>(2,080)</u>
Financial income (loss) net	<u>460</u>	<u>1,021</u>	<u>(4,918)</u>
Income (loss) before taxes	<u>(2,022)</u>	<u>4,224</u>	<u>(6,447)</u>

(*) Others includes mainly unallocated corporate general and administrative expenses and expenses relating to research and development activities.

C. Revenues from major customers that contributed 10% or more to the Company's group (the "Group") revenues (as percentage of the total revenue):

	Six months ended 30 June				Year ended 31 December	
	2017		2016		2016	
	Unaudited		Unaudited		Audited	
	NIS in thousands	%	NIS in thousands	%	NIS in thousands	%
Customer A	<u>27,151</u>	<u>17</u>	<u>25,986</u>	<u>16</u>	<u>46,171</u>	<u>16</u>

B.S.D CROWN LTD.
NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 5 - OPERATING SEGMENTS (Cont.)

C. Revenues from major customers that contributed 10% or more to the Company's group (the "Group") revenues (as percentage of the total revenue):

The revenues from the following products contributed 10% or more to the Group revenues (as percentage of the total segment revenue):

	Six months ended 30 June				Year ended	
	2017		2016		31 December	
	Unaudited		Unaudited		Audited	
	NIS in	%	NIS in	%	NIS in	%
	thousands		thousands		thousands	
Canned vegetables	26,005	16	28,260	18	41,991	14
Dairy and dairy substitute products	63,628	40	56,664	36	108,250	37
Canned fish	23,067	14	24,197	15	42,526	14

NOTE 6 - SUPPLEMENTARY INFORMATION AND SUBSEQUENT EVENTS

- A.** To the best knowledge of the Company as of the date of issuance of these financial statements, the ultimate beneficial owner, Mr. Joseph Williger holds, through its companies, Y.M Dekel Holdings and Investments Ltd. and Yossi Willi Management and Investment Ltd., 27.2 per cent of the Company's shareholder equity.
- B.** On July 19, 2016 the Company received a request to approve a derivative action by Mr. Dan Iram, who claimed to own 3,100 shares in BGI Investments (1961) Ltd ("BGI"), the former controlling shareholder, on behalf of the Company and BGI, against the Company's previous officers and auditors ("Respondents"), regarding damages allegedly caused to the Company due to the deposits in foreign banks, for the total amount of approximately USD 50 million. This has been filed with the Economic Department of the Israeli District Court in Tel Aviv. As a result of ongoing investigation as described below the court postpone the filing of the Respondent's response until the restrictions will be removed and after the Israeli Security Authority will submit an additional update to the Court on 10 January 2018.
- C.** On 17 February 2016, as a result of suspicions of certain breaches of Israeli securities laws and criminal offenses, the Israel Securities Authority ("ISA") initiated an investigation. The ISA conducted a search at the offices of the Company, and the offices of its Parent Company, B.G.I Investments (1961) Ltd., and its subsidiaries Willi-Food Investments Ltd. and G. Willi-Food International Ltd. (the "Group") during which certain computers and other materials were seized by the ISA. Similarly, a number of former officers and directors within the Group were being questioned by the ISA, and the former chairman of board of directors and the indirect controlling shareholder of the Group at the time, Mr. Gregory Gurtovoy, has been detained.

On 18 June 2017 the Tel Aviv District Attorney's Office (Taxation and Economics) informed Gurtovoy, that it is considering filing an indictment against him, inter alia on suspicion of theft by an agent, aggravated fraud, money laundering, fraud and breach of fiduciary duties and false registration of corporate documents.

According to the statement of accusation, in July 2015, Alexander Granovsky transferred control of the Group to Gurtovoy, at the time, the Group had deposits of about USD 60 million in banks in Austria and Azerbaijan. The statement charges Gurtovoy with a long series of misrepresentations, fraud and theft of funds.

B.S.D CROWN LTD.
NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 6 - SUPPLEMENTARY INFORMATION AND SUBSEQUENT EVENTS (Cont.)

C. (Cont.)

According to the statement of accusation: as of July 2015, Gurtovoy has taken advantage of his position as controlling shareholder and chairman of the board of directors in order to conceal the fact that the aforementioned deposits were pledged in favor of the loans given to companies connected with himself and with Granovsky. In fact, the funds were stolen from the Group. Gurtovoy falsely presented himself to the officers and directors of the Group as if he were acting independently and for the benefit of the Group, when in fact he continued to include Granovsky in the decision making and was an active partner in concealing the lien of the funds, and even illegally withdrew additional funds. Gurtovoy caused the Group to make false public reports regarding the deposits, as well as to withhold reporting material events.

In addition, according to the statement of accusation: in January 2016, Gurtovoy had fraudulently withdrawn USD 5 million (NIS 19.2 million) from WFINT by misrepresenting himself to the WFINT's officers, advising that it was an investment in bonds. WFINT transferred USD 3 million (NIS 11.5 million), which was pledged to repay a loan received by a private company related to Granovsky and Gurtovoy, and as fully detailed in Note 6(F)(1).

Gurtovoy was given the opportunity to attend a hearing before the Tel Aviv District Attorney, before the decision would be made of whether to file an indictment against him.

The matter of other suspects involved is still under investigation.

The case was investigated by the Intelligence and Trade Control Department of the Israel Securities Authority, accompanied by the Tel Aviv District Attorney's Office (taxation and economics).

- D.** Following information received by IBAR with respect to the Company's deposit on 1 August 2016, on 18 August 2016 the Company filed, with the Economic Department in Tel Aviv District Court (the "Court"), a motion for interim orders, against Israel 18, the controlling shareholder of BGI, to secure an amount of up to USD 13.1 million out of any monies that Israel 18 is or might be entitled to receive from the sale of any shares in BGI and/or in the Company.

The Company also requested an order forbidding Israel 18 from disposing any of its assets, whether located in Israel or anywhere else in the world.

The Court gave an ex-parte decision, ordering the freezing of any monies received by the respondents from the sale of shares. On 25 August 2016, and further to the motion for Interim Orders, a claim was filed against Israel 18 and IBAR for the return of the sum of USD 13.1 million, which amount was deposited in IBAR by the Company, as a Company deposit, and which IBAR now claims has been used as security for a loan taken by Israel 18. On 3 October 2017 at the request of the Company, the Court dismissed the claim, and the Company reserved the right to refile the motion.

- E.** Pursuant to Chapter 14 of the listing rules under section 74 of the Financial Services and Markets Act 2000 (as amended) (the "Listing Rules"), at least 25% of the Company's issued and outstanding share capital is required to be held by EEA residents who are unaffiliated with the Company and are not shareholders of the Company. In order to comply with such requirement and in order to raise capital for the ongoing operations of the Company, on 22 August 2017, the Company has completed the sale of 19,350,000 of its Ordinary Shares, nominal value NIS0.01 per share (the "Purchased Shares"), representing (after the sale thereof) 14.96% of the Company's issued and outstanding share capital, at a purchase price of GBP 0.25 per Purchased Share, for an aggregate amount of GBP 4,837,500 (approximately NIS 22.4 million). The purchasers of the Purchased Shares have confirmed to the Company that they are EEA residents and that they are unaffiliated with the Company. In the event that the suspension from trading of the Company's shares on the London Stock Exchange is not cancelled within 120 days following the consummation of such sales, the purchase price shall be reduced by GBP 0.05 per Purchased Share. The funds paid to the Company are used for its general operations.

B.S.D CROWN LTD.
NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 6 - SUPPLEMENTARY INFORMATION AND SUBSEQUENT EVENTS (Cont.)

E. (Cont.)

Following the sale of the Purchased Shares, the Company's issued share capital consists of 129,340,252 Ordinary Shares with voting rights ("Voting Capital") and 11,237,902 Ordinary Shares held in treasury.

On 3 September 2017, an Originating Motion was filed with the Tel Aviv District Court (the Economic Department) by BGI Investments (1961) Ltd. and Israel 18 (hereinafter together: "the Petitioners") against the Company, the directors then serving in the Company, Taaman Trustee and Taaman.

In the motion, the Petitioners object to the decision of the Company's Board of Directors to sell dormant shares of the Company and ask that it be voided because, according to the Petitioners, it was not made in accordance with the provisions of the Companies Law and the Company's Articles of Association, or alternatively, to instruct the Company and its directors, including the controlling shareholder, to transfer 19,350,000 shares (the total of the dormant shares sold) to the Company for no consideration. Alternatively, the Petitioners request an order that the shares sold be dormant shares.

The Court was also asked to declare that the appointment of Mr. Shlomo Wertheim as an external director was null and void, and that all Company decisions that required the participation of an external director and which were made with his participation are void.

Prior to filing the motion, on 24 August 2017, the Plaintiffs filed a motion for Injunctive Relief (and Temporary Restraining Order) (hereinafter: the "Request for Injunctive Relief"), in which the Court was requested to issue a temporary injunction prohibiting the execution of the transaction, or alternatively, if the transaction was executed, to order a freeze on its implementation.

On 4 September 2017, the Company filed a response to the Request for Injunctive Relief in which it claimed that the decision regarding the sale of the dormant shares was made in accordance with the law and in accordance with the provisions of the Company's Articles.

On 5 September 2017, a hearing was held on the Request for Injunctive Relief, at the end of which the parties reached an agreement, upon the recommendation of the Court, according to which injunctive relief would not be granted, and the Company would contact the purchasers of the dormant shares and request their consent towards the Company, that if they use the right given to them in the Share Purchase Agreement to carry out the transfer of shares during the LOCK-UP period, they will do so only after notifying the Company at least 21 days in advance.

On 18 September 2017, Israel 18 filed an urgent motion for Injunctive Relief (hereinafter: the "Additional Request for Injunctive Relief"), which BGI also joined on 19 September 2017, in which a temporary injunction was requested preventing the purchasers from voting their shares at the shareholders meeting scheduled for 25 September 2017. On 24 September 2017, a hearing was held on the Additional Request for Provisional Remedy, at the end of which the request was dismissed on the recommendation of the Court.

On 8 November 2017, the Court has accepted the Company and its directors' request, to order BGI and Israel 18 to deposit a guarantee of NIS 400 thousands for the benefit of the Company and its director's in order to insure the payment of the Company and its directors' legal costs. The Company will submit a response to the Originating Motion 15 days after the guarantee will be deposit.

According to the Company's legal advisers, in view of the preliminary stage of the proceeding, the Company cannot estimate its chances at this stage.

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NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 6 - SUPPLEMENTARY INFORMATION AND SUBSEQUENT EVENTS (Cont.)

F. Supplementary information and Subsequent events in WFI

- 1) On February 24, 2016, a motion to certify a class action claim (the "Motion") was received at the WFI's offices. The motion was submitted to the Economic Division of the District Court in Tel Aviv by the Yaad Pe'er Management Services Ltd. (the "Petitioner") company, which claims it holds shares in WFI. The lawsuit is against all of WFINT's directors as well as officers in WFINT. The Company and WFINT were joined as respondents to the motion.

The certification motion deals with the Petitioner's claim of damages incurred by WFI, which are assessed by the Petitioner at the filing of the motion, at approximately USD 3 million because of claimed breaches of the duties of faith, care, and skill, by the directors and officers toward WFI in connection with an investment in the sum of USD 3 million in a company registered in the Czech Republic, and that holds a hotel in the Czech Republic that is inactive. The Petitioner claims that the investment has no connection to WFI's activities, and it apparently serves in assisting the former controlling shareholder in the Company in other matters or to cover other obligations that he has.

Taking note of the investigation being conducted by the Securities Authority (the "Authority"), inter alia, regarding matters that have arisen in the framework of this litigation, in the framework of which restrictions were imposed that prevent the WFI's officers who are respondents to the certification motion from conversing with the WFI's attorneys in the framework of the certification motion – the deadline for submission of the WFI's response to the motion to certify a derivative lawsuit has been extended. On September 27, 2016, the Authority filed a notice updating the court, in which it requested that the restrictions that it imposed remain in effect for an additional 6 months. After several postponements, on September 14, 2017, the Court decided that the Authority would submit an additional update to the Court until 7 December 2017.

This investment was made by BHWFI Ltd., a company wholly owned by WFINT ("BHWFI"), under a letter of undertaking to purchase 300 bonds (debentures) of par value USD 10,000 each (the "Letters of Undertaking"). The bonds bore an annual interest of 6%, paid twice annually. The first payment is on June 30 and the second on December 31 of each year, as of the date they were issued and until the date of final payment – December 31, 2018. The issuer had the right to redeem the bonds early, with prior notice of 30 days, without penalty.

On December 30, 2016, BHWFI and the issuer executed an agreement for early redemption of the bonds (hereinafter: the "Agreement"), in consideration of USD 1.8 million that would be paid by February 15, 2017. Similarly, in the framework of the terms of the agreement, the issuer waived all of its claims against BHWFI, including an additional supposed undertaking for an additional investment in the bonds, up to the sum of USD 5 million.

On March 21, 2017 and July 6, 2017, a payments in the sum of USD 200 thousand and USD 400 thousand, respectively, was received. In light of the uncertainty of the collection of the balance of the debt in the sum of USD 1.6 million, WFINT recognized, in its financial statements for 31 December 2016, a loss in the amount of the debt balance that has not yet been paid. On 6 July 2017 WFINT received an additional payment in the amount of USD 400 thousands and therefore recognised it as a gain in the profit or loss statement.

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NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 6 - SUPPLEMENTARY INFORMATION AND SUBSEQUENT EVENTS (Cont.)

F. Supplementary information and Subsequent events in WFI (Cont.)

- 2) On May 7, 2017, Mr. Joseph Williger, notify WFI that he is the indirect controlling shareholder of WFI through the Company's holdings. On 12 June 2017 WFI's shareholders meeting was held and all BSD suggested agenda was approved as follows: (a) The appointment of Mr. Zvi Williger, Mr. Kobi Navon, Mr. Bentzi Sao, and Mr. Joseph Williger, to serve as directors in WFI, until the date of the election of other directors in their place at WFI's next general meeting; (b) The granting of a waiver, indemnification, and insurance, to the directors who will serve in WFI from time to time, other than Mr. Joseph Williger and other than Mr. Zvi Williger; (c) Termination of the service of the directors currently serving in WFI, other than WFI's external directors.
- 3) On 20 June 2017 an extraordinary meeting of WFINT shareholder was held. The following proposal of the Company were approved by the requisite majority: (a) the election of Mr. Zvi Williger, Mr. Gil Hochboim, Mr. David Donin and Mr. Joseph Williger as directors of the Company, each to hold office subject to the WFINT's Articles of Association and the Companies Law; (b) to re-appoint Deloitte Touche Tohmatsu Limited - Brightman, Almagor, Zohar & Co. CPA (ISR) as WFINT's independent auditors for the year ending December 31, 2017 and for the period until the next Annual General Meeting of WFINT's shareholders, and to authorize the WFINT's Board of Directors, upon recommendation of its Audit Committee, to determine their remuneration.
- 4) On 6 July 2017, Mr. Tim Cranko was nominated as CEO of WFI and WFINT. On 28 November 2017 Mr. Cranko resigned from his position which will take effect on 31 December 2017.
- 5) On October 19, 2017 WFINT announced it received a notice from Arla Foods a.m.b.a ("Arla") to end their exclusive distribution agreement effective as of December 31, 2017.

The termination of the exclusive distribution agreement with Arla may have a significant negative impact on WFI Group operating results although the WFI Group believes that it will be able to enter into agreements with alternative suppliers for a portion of the products currently purchased from Arla.

Meetings between WFI's subsidiary and Arla were held during the past weeks and the parties agreed that WFI's subsidiary will continue to purchase Arla's products for the first half of 2018. WFI's subsidiary intends to continue its discussion with Arla.
- 6) On 27 November 2017 WFI announced a distribution of NIS 4 million (USD 1.1 million). The distribution will be made on 18 December 2017. The Company's share is approximately NIS 2.5 million.