B.S.D CROWN LTD.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2015

UNAUDITED

IN U.S. DOLLARS

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Report on Review of Interim Condensed Consolidated Financial Statements
To the Shareholder and Board of Directors of

B.S.D CROWN LTD.

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of **B.S.D CROWN LTD.** and its subsidiaries ("the Group") as of 30 June 2015 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six and three month period then ended and explanatory notes. Management is responsible for the preparation and presentation of those interim condensed consolidated financial statements in accordance with IAS 34, "Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

The Group`s financial statements as of 30 June 2014 and for the six and three months then ended reviewed by another auditor who expressed an unqualified opinion on those statements on August 28, 2014.

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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

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

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B.S.D CROWN LTD.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30 June 2015	30 June 2014	31 December 2014
	Unaudited	Unaudited	Audited
	U.S. dollars in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	26,000	31,589	25,325
Short-term deposits	51,032	46,225	54,196
Deposits held in trust	3,507	-	-
Financial assets at fair value through profit or loss	38,478	62,573	42,724
Trade receivables	23,472	27,993	22,301
Other receivables and prepaid expenses	2,425	3,107	3,484
Investment in a fund designated at fair value through profit or loss	2,880	4,415	3,582
Inventories	12,462	11,318	12,502
Total current assets	160,256	187,220	164,114
NON-CURRENT ASSETS:			
Property, plant and equipment, net	13,870	14,917	13,923
Prepaid expenses	-	15	-
Intangible assets:			
Customer relationships	5,150	6,493	5,415
Supplier relationships	2,699	3,805	3,016
Brands	1,350	1,767	1,448
Non-competition agreements	1,239	1,383	1,222
Goodwill	-	25,515	22,556
Total non-current assets	24,308	53,895	47,580
Total assets	184,564	241,115	211,694

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 2015	30 June 2014	31 December 2014
	Unaudited	Unaudited	Audited
	U.S. dollars in thousands		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term debt	1	70	-
Current maturities of debentures	3,499	3,729	3,472
Trade payables	4,695	5,129	4,191
Dividend payable to non-controlling interests	2,035	-	-
Other accounts payable and deferred revenues	4,108	3,326	4,006
Employee benefit liabilities, net	861	804	789
Financial liability for non – controlling interest put option	485	6,240	7,217
Total current liabilities	15,684	19,298	19,675
NON-CURRENT LIABILITIES:			
Financial liability for non-current liabilities	337	-	-
Debentures	-	4,008	-
Employee benefit liabilities, net	196	218	199
Liability for non- competition payments	1,480	1,573	1,425
Deferred taxes	2,585	4,457	3,242
Total non-current liabilities	4,598	10,256	4,866
EQUITY:			
Share capital	416	416	416
Share premium	469,935	469,930	469,935
Treasury shares	(76,962)	(76,962)	(76,962)
Reserve from transactions with non- controlling interests	(1,030)	(208)	(998)
Foreign currency translation reserve	(7,392)	458	(9,936)
Accumulated deficit	(282,578)	(256,077)	(259,700)
Equity attributable to Company's equity holders	102,389	137,557	122,755
Non- controlling interests	61,893	74,004	64,398
Total equity	164,282	211,561	187,153
Total liabilities and equity	184,564	241,115	211,694

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

31 August, 2015			
Date of approval of the financial statements	**Gregory Gurtovoy** Chairman of the Board	**Israel Yossef Schneorson** Joint CEO and Vice Chairman of the Board	**Emil Budilovsky** Joint CEO,CFO,Director and Company Secretary

B.S.D CROWN LTD.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June		Three months ended 30 June		Year ended 31 December
	2015	2014	2015	2014	2014
	U.S. dollars in thousands				
	Unaudited		Unaudited		Audited
Revenues	41,101	16,007	18,613	15,979	58,505
Cost of sales	(32,407)	(11,967)	(14,577)	(11,939)	(44,310)
Gross profit	8,694	4,040	4,036	4,040	14,195
Research and development	566	693	305	376	1,263
Selling expenses	5,393	2,239	2,531	2,239	8,001
General and administrative expenses	4,669	4,714	1,701	3,246	13,000
Other (income) loss	21,623	-	22,400	-	(1,975)
Total operating expenses	32,251	7,646	26,937	5,861	20,289
Operating loss	(23,557)	(3,606)	(22,901)	(1,821)	(6,094)
Financial income	1,650	2,442	874	1,531	4,680
Financial expense	(1,361)	(323)	(1,317)	(311)	(3,220)
Loss before taxes on income	(23,268)	(1,487)	(23,344)	(601)	(4,634)
Taxes on income	121	(175)	236	(175)	(429)
Loss for the period	(23,147)	(1,662)	(23,108)	(776)	(5,063)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods :					
Gain (loss) from available-for-sale financial assets	-	25	-	-	25
Reclassification adjustment for gain on available-for- sale financial assets included in profit or loss	-	(148)	-	(148)	(148)
Adjustments arising from translation of financial statements of foreign operations	4,598	925	7,909	925	(18,351)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods :					
Remeasurement loss from defined benefit plans	8	-	8	-	10
Total other comprehensive income (loss)	4,606	802	7,917	777	(18,464)
Total comprehensive income (loss)	(18,541)	(860)	(15,191)	1	(23,527)
Loss attributable to:					
Equity holders of the Company	(22,878)	(1,888)	(22,745)	(1,029)	(5,515)
Non- controlling interests	(269)	226	(363)	253	452
Loss for the period	(23,147)	(1,662)	(23,108)	(776)	(5,063)
Total comprehensive income (loss) attributable to: Equity holders of the Company	(20,334)	(1,553)	(18,606)	(719)	(15,570)
Non- controlling interests	1,793	693	3,415	720	(7,957)
Total comprehensive income (loss)	(18,541)	(860)	(15,191)	1	(23,527)
Basic and diluted net earnings per share attributable to Company's equity holders (in U.S dollars):					
Net loss per share	(0.21)	(0.02)	(0.21)	(0.01)	(0.05)

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	Foreign currency translations reserve	Accumulated deficit	Total	Non-controlling interests	Total equity
	U.S. dollars in thousands								
	Unaudited								
Balance as of 1 January 2015	416	469,935	(76,962)	(998)	(9,936)	(259,700)	122,755	64,398	187,153
Loss for the period	-	-	-	-	-	(22,878)	(22,878)	(269)	(23,147)
Other comprehensive income (loss):									
Adjustments arising from translation of financial statements of foreign operations	-	-	-	-	2,544	-	2,544	2,054	4,598
Remeasurement loss from defined benefit plans	-	-	-	-	-	-	-	8	8
Total comprehensive loss	-	-	-	-	2,544	(22,878)	(20,334)	1,793	(18,541)
Transaction with non-controlling interest purchase share of subsidiary	-	-	-	114	-	-	114	(2,409)	(2,295)
Subsidiary's dividends declaration to non-controlling interests	-	-	-	-	-	-	-	(2,035)	(2,035)
Transaction with non-controlling interest purchase share of subsidiary by company	-	-	-	1,011	-	-	1,011	(1,011)	-
Additional non-controlling interest relating to outstanding share-based payment transaction of subsidiary	-	-	-	(943)	-	-	(943)	943	-
Transactions with non-controlling interests - cost of share based payment in subsidiary	-	-	-	(214)	-	-	(214)	214	-
Balance as of 30 June 2015	416	469,935	(76,962)	(1,030)	(7,392)	(282,578)	102,389	61,893	164,282

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	Available-for-sale reserve	Reserve from transactions with non-controlling interest	Foreign currency translations reserve	Accumulated deficit	Total	Non-controlling interests	Total equity
	U.S. dollars in thousands									
	Unaudited									
Balance as of 1January 2014 (audited)	416	469,925	(76,962)	123	-	-	(254,189)	139,313	(413)	138,900
Net income (loss)	-	-	-	-	-	-	(1,888)	(1,888)	226	(1,662)
Other comprehensive income (loss):										
Gain from available for sale financial assets	-	-	-	25	-	-	-	25	-	25
Reclassification adjustment for gain on available- for- sale financial assets included in profit or loss	-	-	-	(148)	-	-	-	(148)	-	(148)
Adjustments arising from translation of financial statements of foreign operations	-	-	-	-	-	458	-	458	467	925
Total comprehensive income (loss)	-	-	-	(123)	-	458	(1,888)	(1,553)	693	(860)
Cost of share based payment	-	5	-	-	-	-	-	5	-	5
Transactions with non-controlling interests - cost of share based payment in subsidiary	-	-	-	-	(208)	-	-	(208)	208	-
Non- controlling interests arising from initially consolidated company	-	-	-	-	-	-	-	-	73,516	73,516
Balance as of 30 June 2014	416	469,930	(76,962)	-	(208)	458	(256,077)	137,557	74,004	211,561

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	Available for sale reserve	Reserve from transactions with non-controlling interest	Foreign currency translations reserve	Accumulated deficit	Total	Non-controlling interests	Total equity
	U.S. dollars in thousands									
Balance as of 1 January 2014	416	469,925	(76,962)	123	-	-	(254,189)	139,313	(413)	138,900
Non- controlling interests arising from initially consolidated company	-	-	-	-	-	-	-	-	73,516	73,516
Net (loss) income	-	-	-	-	-	-	(5,515)	(5,515)	452	(5,063)
Other comprehensive (loss) income:	-	-	-							
Gain from available for sale financial assets	-	-	-	25	-	-	-	25	-	25
Reclassification adjustment for gain on available- for- sale financial assets included in profit or loss	-	-	-	(148)	-	-	-	(148)	-	(148)
Remeasurement of net defined benefit obligation	-	-	-	-	-	-	4	4	6	10
Adjustments arising from translation of financial statements of foreign operations	-	-	-	-	-	(9,936)	-	(9,936)	(8,415)	(18,351)
Total comprehensive loss	-	-	-	(123)	-	(9,936)	(5,511)	(15,570)	(7,957)	(23,527)
Cost of share based payment	-	10	-	-	-	-	-	10	-	10
Transactions with non-controlling interests - cost of share based payment in subsidiary	-	-	-	-	(857)	-	-	(857)	857	-
Transactions with non-controlling interest purchase of shares in subsidiary	-	-	-	-	(141)	-	-	(141)	(1,605)	(1,746)
Balance as of 31 December 2014	416	469,935	(76,962)	-	(998)	(9,936)	(259,700)	122,755	64,398	187,153

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
	2015	2014	2014
	Unaudited		Audited
	U.S. dollars in thousands		
Cash flows from operating activities:			
Loss for the period	(23,147)	(1,662)	(5,063)
Adjustments to reconcile loss from continuing operations to net cash provided by (used in) operating activities :			
Depreciation and amortisation	1,343	562	1,878
Goodwill and other assets amortisation	23,751	-	-
Loss (gain) on disposal of fixed assets	(57)	10	10
Decrease employee benefit liabilities, net	(9)	(39)	(41)
Cost of share-based payment	333	297	1,172
Change in financial assets at fair value through profit or loss	334	211	2,589
Change in investment fund designated at fair value through profit or loss	(222)	-	319
Interest income	(973)	(684)	(1,627)
Interest expense on short-term loan	-	7	7
Decrease in deferred tax	(742)	(229)	(706)
Taxes on income	870	404	1,135
Exchange rate differences on deposit and short-term loan	60	(1,256)	(1,800)
Gain from sale of available for sale financial assets	-	(214)	(214)
Financial expenses (income) from debentures	(80)	(25)	56
Financial expenses on financial liabilities	46	29	147
	24,654	(927)	2,925
Changes in asset and liability items:			
Decrease (increase) in inventories	440	4,218	1,552
Decrease in trade receivables	(392)	2,731	5,241
Decrease (increase) in receivables and prepaid expenses	1,266	(1,000)	(587)
Increase (decrease) in trade payables, other payables and accrued expenses	869	(1,054)	(948)
	2,183	4,895	5,258
Cash received (paid) during the period:			
Interest received	1,030	163	700
Interest paid	-	(164)	(275)
Income taxes paid	(1,175)	(698)	(1,706)
	(145)	(699)	(1,281)
Net cash provided by (used in) operating activities	3,545	1,607	1,839

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
	2015	2014	2014
	Unaudited		Audited
	U.S. dollars in thousands		
flows from investing activities:			
Proceeds from sale of property and equipment	140	65	65
Purchase of property and equipment	(580)	(647)	(1,820)
Maturing of (investment in) short-term deposits, net	3,268	(29,983)	(37,954)
Withdrawal of (investment in) deposit held in trust	(3,454)	122,404	122,404
Proceeds from sale of investment in fund designated at fair value through profit or loss	1,018	-	-
Proceeds from sale of financial assets at fair value through profit or loss	5,066	297	7,134
Proceeds from sale of financial assets at fair value through profit or loss and available for sale financial assets	-	(2,936)	304
Acquisition of subsidiary	-	(62,088)	(62,088)
Net cash provided by (used in) investing activities from continuing operations	5,458	27,112	28,045
Cash flows from financing activities:			
Repurchase of shares from non-controlling interest by subsidiary	(2,295)	-	(1,746)
Bank overdraft, net	1	(763)	(820)
Repurchase of shares from non-controlling interest of subsidiary by company	(713)	-	-
Decrease in financial liability for non-controlling interest put option	(6,052)	-	-
Redemption of debentures	-	-	(3,397)
Net cash used in financing activities from continuing operations	(9,059)	(763)	(5,963)
Exchange differences on balances of cash and cash equivalents	731	676	(1,553)
Net increase in cash and cash equivalents	675	28,632	22,368
Cash and cash equivalents at the beginning of the period	25,325	2,957	2,957
Cash and cash equivalents at the end of the period	26,000	31,589	25,325

a. Non-cash transactions:

Repayment of short-term loan from deposit held in trust	-	(18,727)	(18,727)
Purchase of property, plant and equipment on credit	-	-	160
Dividend declaration by subsidiary	2,035	-	-

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

NOTE 1 - GENERAL

a. B.S.D Crown Ltd. ("**B.S.D**" or the "**Company**") is a corporation registered in Israel.
In August 2014 the Company effected a change of its name from Emblaze Ltd. to B.S.D Crown Ltd.

b. For change of control in the ultimate controlling shareholder of the company see Note 8.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

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

The interim condensed consolidated financial statements for six and three month periods ended 30 June 2015 have been prepared in accordance with 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 2014.

b. Income tax:

The Group calculates the period's 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 in which 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 13 Fair Value Measurement:

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). This amendment has no impact on the financial statements.

b. Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. These amendments have no impact on the financial statements.

c. An amendment to IAS 24 "Related Party Disclosures" (regarding key management personnel)

The amendment clarifies that a management company providing key management personnel services to the reporting entity is a "related party" of the reporting entity. The amendment is applied retrospectively for annual reporting periods beginning on or after July 1, 2014 or thereafter.

NOTE 4 - SUPPLEMENTARY INFORMATION

a. Loan agreement to controlling shareholder:

On 24 February, 2015, Israel 18, Israel 180 Ltd. ("**Israel 180**") and Orot Israel 18 Ltd. ("**Orot Israel**" and together, the "**Israel 18 Group**") entered into a loan agreement (the "**Loan Agreement**") for a loan to be provided by Zwi Williger ("**ZW**") and Joseph Williger ("**JW**" and together, the "**Willigers**"), either in their personal capacities or through companies under their control (the "**Lenders**"), pursuant to which Israel 18 was to borrower a sum of NIS 83 million (approximately USD 20.9 million) (the "**Loan Amount**").

The Loan Amount was to be used, among others, for the purposes of exercising the call options in respect of a further 19.09 per cent of the Company's shares (the "**Options**").
Following the failure by the parties to the Loan Agreement to reach completion thereof The Loan Amount was returned to the Willigers on 7 May, 2015.

b. Put options over Company shares:

(1) On 4 March, 2015, ZW, a director of Willi-Food Investments Ltd. ("**WFI**") and the chairman of the board of directors of G. Willi-Food International Ltd. ("**WFINT**") and JW, the president of WFINT and chairman of the board of directors of WFI, each, exercised options over 66,667 shares of WFINT (the "**Williger Shares**"). In consideration for the Williger Shares, each of ZW and JW paid the amount of USD 433 thousand to WFI, reflecting an exercise price of USD 6.5 per each of the Williger Shares.

(2) Following ZW's and JW's exercise of the abovementioned Williger Shares, on 24 March 2015, the Company paid an amount of USD 800 thousand to each of ZW and JW and acquired 66,667 shares of WFINT from each of ZW and JW, reflecting an exercise price of USD 12 per share of WFINT.

(3) Following a further exercise by ZW of part of his put options in respect of 166,666 shares of WFINT, on 7 May, 2015, the Company paid an aggregate total amount of USD 2 million and acquired an aggregate of 166,666 shares of WFINT.

(4) On 26 May and 30 June, 2015 the Company has paid the aggregate amount of USD 1 million and USD 3 million respectively to ZW in consideration for the WFINT Put Option in relation to 337,741 shares in WFINT.

c. During June 2015, WFI acquired 139,386 ordinary shares of NIS 0.1 per share in the amount of approximately USD 2,295 thousand. As a result of these acquisitions, WFI increased its holdings in WFINT shares to 62.39%.

Following the above mentioned transactions, the Company now directly holds 4.87% of the shares of WFINT and indirectly holds a further approximately 41.66% of the shares of WFINT through WFI.

d. Claim against former controlling shareholder:

On 24 February, 2015, Public Joint Stock Company Alfa Bank ("**Alfa**"), a Ukrainian banking entity, submitted a request to the Tel Aviv District Court (the "**Court**") to attach certain assets as well as direct and indirect holdings of the Company's ultimate former controlling shareholder, Oleksandr Granovskyi. This request was submitted as part of a claim filed by Alfa against Mr Granovskyi and others with respect to alleged debts owing by them to Alfa. On 11 April, 2015, Alfa and Mr Granovskyi entered into a settlement agreement, following which the Court cancelled all interim measures previously ordered by it in the course of the relevant proceedings.

NOTE 4 - SUPPLEMENTARY INFORMATION (Cont.)

e. On 1 April 2015 the Company appointed Mr. Oleksandr Granovskyi, as the chairman of the board of directors in replacement of Abraham Wolff who was appointed as a director of the Company and as a the chairman of its board of directors, on 14 August 2013. Mr. Wolff announced on the same day, his resignation as a director of the Company.
For details regarding changes in the ultimate controlling shareholder and members of the Company's Board after the Reporting Period, see Note 8(a) and (c).

f. Microsoft settlement

Further to the Company's disclosures with respect to its claim against Microsoft Corporation ("**Microsoft**") with reference to BSD's U.S. patent no. 6,389,473 for media streaming technology (the "**patent**"), the Company executed, on June 18th, 2015 a final settlement with Microsoft on all claims (the "**Agreement**") with full mutual releases and license, covenant not to sue, and waivers. In accordance with the Settlement Agreement, Microsoft paid the Company the agreed amount. The Agreement shall remain in full force and effect until the expiration of the Patent's Term. The net effect of the settlement is presented in the Company's profit or loss statement in "Other income (loss)" item

g. WFI supplementary information

1. During September 2014, WFINT and Goldfrost ("**Goldfrost**"), a subsidiary company fully owned by WFINT, have filed a lawsuit against the property tax and compensation fund administration (the "**Authorities**") according to property tax and compensation fund regulations 2014, for indirect damages that they have endured following operation "Protective Shield" for the overall sum of about 6 million NIS (approximately USD 1.6 million). On 21 December, 2014, WFINT and the Authorities have signed a settlement agreement for the total amount of NIS 2,792 thousands (approximately USD 0.7 million) without any of the sides renouncing their claims and/or accepting the claims made by the other side. The sum has been fully received during the month of January, 2015.

During the month of January 2015, Goldfrost has received a total sum of NIS 1.3 million (approximately USD 0.3 million) and in June 2015 an additional sum of NIS 1 million (approximately USD 0.3 million), as advanced payments. On 20 July, 2015, Goldfrost and the Authorities have signed a compromise agreement for NIS 2 million (approximately USD 0.5 million), without any of the sides renouncing their claims and/or accepting the claims made by the other side. As a result, during the month of July 2015, Goldfrost has returned to the Authorities the excess of advanced payments along with linkage and interest.

2. On 22 June, 2015, the WFI's board of directors has approved a dividend distribution for NIS 20 million. The dividend has been paid in cash on 12 July, 2015.The Company received on 12 July, 2015 approximately NIS 12.3 million (approximately USD 3.3 million) upon distribution of the dividend by WFI.

3. On 14 July, 2015, the district court in Lod, Israel (the "**Court**") has approved the request which has been submitted by Mega Retailers Ltd. on 29 June, 2015, for an arrangement with creditors according to section 350 to the Israeli Companies Law – 1999, following the financial difficulties which Mega Retailers Ltd. has been suffering (herein after: "**Mega**", the "**Request for arrangement**" or the "**Arrangement**", accordingly).

As part of the Request for Arrangement, it has been determined that Mega will pay its creditors, including WFINT, for its debts up to and including 30 June, 2015 – an amount equal to 70% of the remainder of its debts to the creditors divided to 12 weekly payments starting 31 July, 2015, and the remaining 30% will be paid starting 30 June, 2017 in 36 equal monthly payments (herein after: the **"Deferred debt**").

NOTE 4 - SUPPLEMENTARY INFORMATION (Cont.)

g. WFI supplementary information (Cont.)

According to the arrangement, the Deferred debt will accumulate an annual interest for 2% until 30 June, 2017 and an annual interest of 3% until the final payment of the Deferred debt. Furthermore, as part of the Arrangement, the creditors have been given the option to convert the Deferred debt to shares of Alon Ribua Kakhol Ltd, Mega's parent company, under the conditions set in the Arrangement.
At the time of the report, Mega's remaining debt to WFINT is NIS 5.6 million (including VAT) (approximately USD 1.5 million).

On 9 July , 2015, Mega has submitted to the Court a stay of proceedings to Eden Natural Health Market Ltd. ("**Eden"**), Mega's subsidiary, ("**Stay of proceedings**"). As part of the Stay of proceedings, the court has appointed a trustee for Eden.
To the best knowledge of the Company, on 16 August, 2015 the Court approved the selling of eight of Eden branches operated under the brand name "Eden Teva Market" to a third party, subject to fulfillment of certain preconditions.

Eden's remaining debt in WFINT's books at the time of the making of the report and the time of the stay of proceedings is about NIS 0.6 million (including VAT) (approximately USD 0.2 million).

In light of the uncertainty in the payment of the Deferred debt by Mega and in light of Eden's stay of proceedings, WFINT has provided during the second quarter of 2015 a total amount of NIS 1.7 million (approximately USD 0.5 million) for doubtful debts. The total influence on the WFI's net profit for the time of the report, after taxes and the minority share, was a total amount of about NIS 0.7 million (approximately USD 0.2 million).

Mega constitutes the second largest retailer in Israel, after Shufersal Ltd., and it had, at the time of the request for arrangement, about 182 branches. WFINT's scope of sales to Mega constituted about 5% of WFINT's sales in the months of January-June 2015 and about 6% of WFINT's sales for 2014. At the time of the publication of this report, the WFI is unable to estimate the influence of the difficulties Mega and Eden have fallen into and/or the legal proceedings that are conducted in their cases and the WFI's business outcomes.

NOTE 5 - 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 liabilities:

	Carrying amount		Fair value		Carrying amount	Fair value
	30 June		30 June		31 December	
	2015	2014	2015	2014	2014	
	Unaudited				Audited	
	U.S. dollars in thousands					
Debentures and interest payable	3,508	7,759	3,432	7,585	3,295	3,310

Below are details of the Group's financial assets that are measured in the Company's statement of financial position at fair value by levels:

NOTE 5 - FINANCIAL INSTRUMENTS (Cont.)

Financial assets at fair value:

	30 June 2015		
	Unaudited		
	Level 1	Level 2	Total
	U.S. dollars in thousands		
Financial assets at fair value through profit or loss:			
Financial asset at fair value through profit or loss	37,958	520	38,478
Investment in a fund designated at fair value through profit or loss	-	2,880	2,880
	37,958	3,400	41,358

	30 June 2014		
	Unaudited		
	Level 1	Level 2	Total
	U.S. dollars in thousands		
Financial assets at fair value through profit or loss	61,279	1,294	62,573
Investment in a fund designated at fair value through profit or loss	-	4,415	4,415
	61,279	5,709	66,988

	31 December 2014		
	Audited		
	Level 1	Level 2	Total
	U.S. dollars in thousands		
Financial assets at fair value through profit or loss:			
Financial asset at fair value through profit or loss	41,579	1,145	42,724
Investment in a fund designated at fair value through profit or loss	-	3,582	3,582
	41,579	4,727	46,306

NOTE 6 - 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
	U.S. dollars in thousands		
	2015	2014	2014
Revenues			
Import marketing and distribution of food products	40,271	15,942	58,210
Other	830	65	295
	41,101	16,007	58,505
Segment income (loss)			
Import marketing and distribution of food products (**)	(23,506)	607	2,230
Other *)	(51)	(4,213)	(8,234)
Operating loss	(23,557)	(3,606)	(6,094)
Financial income, net	289	2,119	1,460
Loss before taxes	(23,268)	(1,487)	(4,634)

(*) Other includes mainly unallocated corporate general and administrative expenses and expenses relating to research and development activities.
(**) For recognition of impairment losses see Note 7.

Seasonality

The operating results of WFI and its subsidiaries (the "**WFI Group**") may be subject to variations from quarter to quarter depending, among others, the timing of sales campaigns and major Jewish holidays. Therefore, the operating results of WFI Group in the period ended 30 June 2015 are not necessarily indicative of its operating results for the year.

NOTE 6 - 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):

	Six months ended 30 June				Year ended 31 December	
	2015		2014		2014	
	Unaudited				Audited	
	U.S. dollars in thousands	%	U.S. dollars in thousands	%	U.S. dollars in thousands	%
Customer A	6,692	16	5,523	15	9,322	16

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 31 December	
	2015		2014		2014	
	Unaudited				Audited	
	U.S. dollars in thousands	%	U.S. dollars in thousands	%	U.S. dollars in thousands	%
Canned vegetables	6,748	17	8,852	17	9,985	17
Dairy and dairy substitute products	13,696	34	12,181	26	15,277	26
Dried fruit, nuts and beans	3,938	10	8,291	18	6,248	11

NOTE 7 - IMPAIRMENT IN WFI GOODWILL AND OTHER ASSETS

During the reporting period the Company examined the recoverable amount of food import marketing and distribution activity ("**Food activity**") of WFI through its subsidiaries. The recoverable value as of 30 June 2015 was estimated at approximately NIS 191.3 million (approximately USD 50.8 million) as compare to book value as of 30 June 2015 of NIS 280.8 million (approximately USD 74.5 million). As a result, the Company recorded a loss from impairment of value of Food activity in the amount of NIS 89.5 million (approximately USD 23.8 million) which was included in the Profit or Loss statement as Other (income) loss and allocated to the shareholders of the Company and the non-controlling interests in accordance with their respective holdings.

The loss from impairment is attributed, based on the economic valuation performed by an independent appraiser, mainly due to the following reasons:

a. WFI results fell short of its forecasts due to, among other, deteriorating effects that occurred and grew stronger during the reporting period in the Israeli food industry, as detailed below and are not deemed as one-time events. In addition the Company came to conclusion that the differences between the results and the forecasts are not only a matter of timing differences, as a result of which WFI updated its forecasts.

b. Structural and other changes in the Israeli food industry, including (1) debt restructuring settlement of Mega and court ordered Stay of proceedings by Eden all as detailed in Note 4(g) above; (2) deteriorating trade terms between the food suppliers and the Israeli food

NOTE 7 - IMPAIRMENT IN WFI GOODWILL AND OTHER ASSETS (Cont.)

retailers emphasised by the conflict between Shufersal (the largest Israeli food retailer) and Unilever (one of the leading food suppliers in Israel); (3) development of private label by the Israeli food retailers such as Shufersal, Rami Levi Hasikma, the largest discount chain in Israel and other; (4) growing pressure applied by the Israeli food retailers to increase the discount rates provided by the food suppliers, including WFI.

Cash Generating unit	BV of cash producing unit	Goodwill allocated to the unit	Recognised value impairment	Recoverable value of the unit	The method for measuring recoverable value
	U.S. dollars in thousands				
Food import, marketing and distribution activity	74,507	23,274	(23,751)	50,756	D.C.F

Main assumptions used in measuring the recoverable amount

- The recoverable amount was measured by using the D.C.F method, under which 5 year forecasted cash flows were discounted by applying a discount rate of 10.5%. Cash flows for periods beyond 5 years were calculated by applying a permanent growth factor of 2% per annum, which is similar to the forecasted annual growth of the Food activity.

- Revenues – Revenue growth was based on real historical CAGRs (CPI adjusted) and effected by the difficulties encountered by the Company's two largest customers (Shufersal and Mega). The CAGR used was 3.2%.

- Gross profit margin – the significant investment in a new logistic center should help offset the decline in gross margins. Gross margin was assumed to stabilize at 23.4%.

The allocation of the loss from impairment of recoverable value by asset types of the cash producing unit is as follows:

	Impairment
	U.S dollar
Intangible assets	
Goodwill	23,274
Customer relationships	101
Supplier relationships	53
Brands	27
Non-competition agreements	24
Property plant and equipment, net	272
Total impairment	23,751

NOTE 8 - SUBSEQUENT EVENTS

a. Board Change

On 12 July, 2015, Mrs. Keren Arad-Leibovitz, who was appointed as an external director of the Company on 30 December 2013, resigned from her position on the Board of Directors.

b. Change of Ultimate Controlling of the company

The Company has been informed by its ultimate controlling shareholder, Mr Oleksandr Granovskyi, and by Mr.Gregory Gurtovoy, a citizen of Israel residing in Ukraine ("**Mr. Gurtovoy**"), that with effect from 15 July, 2015:

Mr Oleksandr Granovskyi and Stichting Chabad Charity Foundation (both: the "**Sellers**") has sold to Mr. Gurtovoy their entire holdings, in Israel 18 B.V. (herein: “**Israel 18**” and the "**Transaction**", accordingly). Following the Transaction, Mr. Gurtovoy hold 'Preferred Shares' representing 90% of the voting rights in Israel 18, and which give him the right to appoint the directors of Israel 18 and hold also 'Regular Shares' of Israel 18, representing 9.5% of the voting rights and 95% of the issued share capital of Israel 18.

- Israel 18 is the controlling shareholder of BGI Investments (1961) Ltd., which, in turn, beneficially owns Company shares representing approximately 25% of the total issued and outstanding share capital of the Company (excluding dormant shares) and controls in aggregate, directly and through proxies, approximately 44% of the voting rights in the Company.

As part of the sale of the abovementioned shares, to the best knowledge of the Company , Mr Granovskyi committed to Mr. Gurtovoy, *inter alia*, as follow:

- That within three (3) calendar months, from the date of the Transaction, he will execute settlement agreements between Israeli 18 and certain of Israel 18’s creditors, being each of Fortissimo Capital Management Ltd., Naftali Shani, and 3 other creditors of Israel 18, as described in Note 8(d); and

- To replace the Board of directors of, *inter alia*, the Company, in accordance with Mr Gurtovoy’s nominations, subject to applicable law.

The Company was not provided with details of the consideration, nor of the timing for payment of the consideration in respect of the abovementioned Transaction, however the transfer of the shares took effect on 15 July, 2015.

c. Board Change

Pursuant to change of control as described above, the Company made nominations to the Board of Directors which took effect on 16 July 2015:

- Mr Gregory Gurtovoy who was also nominated as the chairman of the Company; and
- Mr Oleksandr Avdyeyev.

In addition, Mr. Emil Budilovsky who currently serves as an Executive Director and vice-president of business development of the Company was appointed as a Joint CEO alongside with Mr. Schneorson, CFO and Company Secretary.

With effect from the same time, Mr Oleksandr Granovskyi has resigned from the Company's Board of directors.

NOTE 8 - SUBSEQUENT EVENTS (Cont.)

d. Settlement between Israel 18 and some of its creditors

Further to Note 8(b), on 21 July 2015, the Company has been informed by Israel 18 that an arrangement was achieved with one of Israel 18's creditors - Fortissimo Capital management LTD ("**Fortissimo**") - in connection with the settlement of Israel 18's obligations arising from the remain consideration not yet paid by Israel 18 to Fortissimo upon the exercise of options that were assigned to Israel 18 under and in accordance with the agreements signed between BGI Investments (1961) Ltd and Fortissimo (herein: "**Israel 18's outstanding consideration**" and the "Arrangement"' accordingly).

Under the terms of the Arrangement:

a) 4,541,524 shares of the Company which had been held until now by Fortissimo, as a collateral for Israel 18's outstanding consideration, will continue to be held by Fortissimo. Fortissimo has undertaken to grant Israel 18 power of attorney (proxy) to act in favor of Israel 18 in respect of the said sharesSuch shares will be transferred to Israel 18 following the payment in full by Israel 18 to Fortissimo of the Israel 18's outstanding consideration /

b) Israel 18 has agreed to the assignment to Fortissimo of its right to the repayment of a loan of USD 5 million provided by Israel 18 to BGI (the "**BGI Debt**"), such assignment to take effect no later than 16 August 2015 provided that, BGI shall have made complete payments owing to its Series 1 bondholders. Israel 18 has also agreed that any sum received by it in connection with the repayment of the Company Debt shall be paid to Fortissimo.

c) Mr. Gregory Gurtovoy has provided a personal guarantee in favour of Fortissimo, guaranteeing the repayment of Israel 18's debt obligations to Fortissimo, which is in addition to the existing guarantee of Mr. Oleksandr Granovkyi guaranteeing the same such obligations.